No. 87-1346-CSX Title: Bonito Boats, Inc., Petitioner
Status: GRANTED v.
Thunder Craft Boats, Inc.

Docketed: Court: Supreme Court of Florida
February 9, 1988

Counsel for petitioner: Russell,Tomas Morgan

Counsel for respondent: Litchford,Hal K., Lipsey,Charles E.

Entry	Date	Note	Proceedings and Orders
1	Feb 9 1988	G	Petition for writ of certiorari filed.
2	Mar 16 1988		DISTRIBUTED. April 1, 1988
3	Mar 31 1988	P	Response requested -- JPS, TM, BRW, CJ. (Due April 30, 1988)
4	Apr 27 1988		REDISTRIBUTED. May 12, 1988
5	May 6 1988	N	Motion of petitioner for appointment of amicus curiae filed.
11	May 6 1988	G	Motion of petitioner for appointment of amicus curiae to brief and argue in support of the judgment below filed.
6	May 9 1988		DISTRIBUTED. May 12, 1988. (Motion of petitioner for appointment of amicus curiae).
7	May 16 1988		Petition GRANTED.
			**********
9	Jun 14 1988		Order extending time to file brief of petitioner on the merits until July 15, 1988.
10	Jun 17 1988		DISTRIBUTED. June 23, 1988. (Motion of petitioner for appointment of amicus curiae).
12	Jun 30 1988		Motion of petitioner for appointment of amicus curiae to brief and argue in support of the judgment below GRANTED. and it is ordered that Charles Lipsey, Esquire, of Washington, D. C., is hereby appointed to brief and argue the case in support of the judgment below.
13	Jul 13 1988		Brief of petitioner Bonito Boats, Inc. filed.
14	Jul 14 1988		Brief amici curiae of Marine Industries Assn. of South Florida, et al. filed.
15	Jul 14 1988		Brief amici curiae of Imos Italia and Torino Industries filed.
16	Jul 15 1988		Brief amici curiae of Orange County Patent Law Association, et al. filed.
17	Jul 15 1988		Brief amicus curiae of Intellectual Property Owners, Inc. filed.
18	Jul 15 1988		Brief amicus curiae of Boston Whaler, Inc. filed.
20	Aug 3 1988		Order extending time to file brief of respondent on the merits until September 15, 1988.
21	Sep 6 1988		Record filed.
		*	Certified copy of original record received.
22	Sep 8 1988		Joint appendix filed.
23	Sep 15 1988		Brief amicus curiae of Certified Automobile Parts Assn. filed.
24	Sep 15 1988		Brief amici curiae of Aftermarket Body Parts Assn., et al. filed.
25	Sep 15 1988		Brief amicus curiae of Xenetics Biomedical, Inc. filed.
26	Sep 15 1988		Brief amicus curiae of Charles E. Lipsey in support of

No. 87-1346-CSX

Entry	Date	Note	Proceedings and Orders
			judgment below filed.
27	Sep 30 1988		Set for argument. Monday, December 5, 1988. (2nd case) (1 hr.)
28	Oct 11 1988	G	Application (A88-279) to extend the time to file a reply brief from October 15, 1988 to October 29, 1988, submitted to Justice Kennedy.
29	Oct 12 1988		Application (A88-279) granted by Justice Kennedy extending the time to file until October 29, 1988.
30	Oct 24 1988		CIRCULATED.
31	Oct 28 1988	X	Reply brief of petitioner Bonito Boats, Inc. filed.
32	Dec 5 1988		ARGUED.

87-1346

No. _____

Supreme Court, U.S.
FILED
FEB 9 1988
JOSEPH F. SPANIOL, JR.
CLERK

In The

Supreme Court of the United States

October Term, 1987

—o—

BONITO BOATS, INC.,

Petitioner,

v.

THUNDER CRAFT BOATS, INC.,

Respondent.

—o—

PETITION FOR A WRIT OF CERTIORARI TO THE SUPREME COURT OF FLORIDA

—o—

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QUESTION PRESENTED

Whether the Supreme Court of Florida, by a 4 to 3 vote, erred in declining to follow the new Court of Appeals for the Federal Circuit and instead erroneously applied prior decisions of this Court in ruling unconstitutional a Florida statute that prohibits, as unfair competition, one method of copying unpatented articles, while leaving other methods of copying readily available.

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No. _____

In The
Supreme Court of the United States
October Term, 1987

BONITO BOATS, INC.,

Petitioner,

v.

THUNDER CRAFT BOATS, INC.,

Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE SUPREME COURT OF FLORIDA

Bonito Boats, Inc., through its counsel, petitions for a Writ of Certiorari to review the decision of the Supreme Court of Florida in this case.

OPINIONS BELOW

The opinion of the Supreme Court of Florida (App. *infra* 1-9) is reported at 515 So. 2d 220 (Fla. 1987).

The Florida Circuit Court's order dismissing Petitioner's complaint against Respondent on grounds of federal preemption by the patent laws of the United States is unreported. The Florida District Court of Appeals' opinion affirming the dismissal of Petitioner's complaint is reported at 487 So. 2d 395 (Fla. Dist. Ct. App. 1986) (App. *infra* 10-14).

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JURISDICTION

The opinion of the Supreme Court of Florida was rendered on November 12, 1987. The jurisdiction of this Court is invoked under 28 U.S.C. § 1257(3).

———o———

STATUTE INVOLVED

559.94 Duplication of vessel parts; action for injunctive relief against illegal duplication or against sale of illegally duplicated vessel parts.

(1) As used in this section, the term:

(a) "Direct molding process" means any direct molding process in which the original manufactured vessel hull or component part of a vessel is itself used as a plug for the making of the mold, which mold is then used to manufacture a duplicate item.

(b) "Mold" means a matrix or form in which a substance or material is shaped.

(c) "Plug" means a device or model used to make a mold for the purpose of exact duplication.

(2) It is unlawful for any person to use the direct molding process to duplicate for the purpose of sale any manufactured vessel hull or component part of a vessel made by another without the written permission of that other person.

(3) It is unlawful for any person to knowingly sell a vessel hull or component part of a vessel duplicated in violation of subsection (2).

(4) Any person who suffers injury or damage as the result of a violation of the provisions of this section may bring an action in circuit court for an injunction prohibiting such violations. In addition, such person shall be entitled to actual damages incurred as a result of such violation and to reasonable attorney's fees and costs.

(5) The provisions of this section apply only to vessel hulls or component parts of vessels duplicated through use of molds made on or after July 1, 1983.

———o———

STATEMENT OF CASE

(1) In 1976, Petitioner Bonito Boats, Inc. developed an original hull design for a fiberglass recreational boat that it would market under the trade name Bonito Boat Model 5VBR ("the 5VBR"). The 5VBR was the end-product of a substantial investment of Petitioner's time, money and effort. First, a complete set of engineering drawings was prepared. Next, the drawings were used to craft a male hardwood hull mold. Lastly, from this male mold, a fiberglass female mold was produced that was used to construct the finished boats for sale.

On or after July 1, 1983, Respondent Thunder Craft Boats, Inc. copied the 5VBR hull for its own commercial

use. To make this copy, Respondent did not rely on reverse engineering to methodically reconstruct Petitioner's design. It did not develop its own engineering drawings or painstakingly craft a hardwood hull mold to construct its own fiberglass female mold. Rather, from the universe of means for copying the 5VBR's hull design, Respondent chose the one prohibited by statute—the direct molding process. Under this process, an original 5VBR hull was used as the male mold from which the female mold was made. Fiberglass was splashed* on the surface of the original 5VBR hull to create the female mold. From this female mold of the original, Respondent produced identical copies which it marketed as its own.

The direct molding process allows one who uses it to avoid any research and development costs. With the direct molding process available, a party can wait for another manufacturer to assume all the time, effort, and cost of perfecting its original hull, make a direct mold, and then have its own hull to sell at a fraction of the original manufacturer's costs. The copier reaps where he has not sown.

To prohibit this form of unfair competition, Florida passed § 559.94 outlawing the direct molding process. This statute does not give the manufacturer of an original hull the right to exclude others from making, using or selling its hull, as provided by the patent laws. It does not bar competitors from manufacturing or marketing identical copies. It merely bars one unfair *method* of copying and *only* when the method is used for commercial purposes. Under the statute, even direct molding is allowed as a method

*For this reason the direct molding process is also known as "splashing."

of copying where the copies are produced for research, testing or personal use rather than for sale. Eleven other states have similar laws.

(2) Petitioner informed Respondent that its actions violated § 559.94 but the copying persisted. Petitioner therefore filed suit on December 21, 1984 alleging, *inter alia*, that Respondent violated § 559.94. Respondent filed a motion to dismiss alleging that § 559.94 was preempted by the federal patent laws as interpreted in *Sears Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225 (1964) and *Compco. Corp. v. Day Brite Lighting, Inc.*, 376 U.S. 234 (1964). On March 1, 1985, the Circuit Court granted Respondent's motion.

Petitioner appealed and, on April 24, 1986, the Fifth District Court of Appeals, with one judge dissenting, affirmed the Circuit Court's holding that § 559.94 was unconstitutional because of federal preemption by the patent laws.

Petitioner then appealed to the Supreme Court of Florida. By a vote of 4-3, the Supreme Court affirmed the District Court of Appeals. The majority read *Sears* and *Compco* as holding that unpatented articles in the public domain may be copied in any manner and noted that no case decided by this Court allows states to legislate against certain methods of copying unpatented articles. Three Justices dissented on the grounds that *Sears* and *Compco* were distinguishable because they concerned a state law that had the effect of *entirely* removing an unpatented article from the public domain.

Most significantly, the Florida Supreme Court noted that its decision directly conflicted with the Federal Circuit's decision in *Interpart Corp. v. Italia*, 777 F.2d 678

(Fed. Cir. 1985) but called *Interpart* a "misapplication" of *Sears* and *Compco*. 515 So.2d at 223, App. *infra* 6. In short, the Florida Supreme Court in this case has held a state statute unconstitutional on the federal ground that it is preempted by the patent laws directly in the face of a decision by the Circuit Court of Appeals for the Federal Circuit upholding the constitutionality of a virtually identical statute.

———o———

REASONS FOR GRANTING THE PETITION

I. The Florida court of last resort has decided a federal constitutional issue in conflict with a decision of the Federal Circuit Court of Appeals.

The Florida Supreme Court has decided an important question of federal constitutional law—whether a state is preempted from prohibiting one method of copying so long as other methods are available—in conflict with the decision of the Federal Circuit in *Interpart Corporation v. Italia*, 777 F.2d 678 (Fed. Cir. 1985) upholding the constitutionality of a nearly identical state statute. The conflict is direct, clear and irreconcilable.

The conflict between the Florida Supreme Court and the Court of Appeals for the Federal Circuit is an important consideration governing review on certiorari. U.S. Sup. Ct. R. 17.1(b). Here that conflict has additional significance because the Court of Appeals for the Federal Circuit has exclusive federal appellate jurisdiction in patent cases. 28 U.S.C. § 1295. It therefore speaks with

particular authority on the reach of the United States patent laws.

More specifically, the Federal Circuit in *Interpart*, considered whether California's statute was preempted by federal law. That statute made it:

> unlawful for any person to duplicate for the purpose of sale any manufactured item made by another without permission of this other person using the direct molding process.

California Business & Professions Code § 17300(a) (West Supp. 1985).

The California statute was even broader than Florida's in that California's forbade direct molding of "any manufactured item," whereas Florida's applied only to hulls and components of vessels. In *Interpart*, the Federal Circuit held "the California law does not 'clash' with the federal patent law; the two laws have different objectives." 777 F.2d at 685. The Court noted, "it is clear from the face of the statute that it does not give the creator of the product the right to exclude others from making, using or selling the products as does the patent law." *Id.* at 684-85. Instead, the court found:

> The statute prevents unscrupulous competitors from obtaining a product and using it as the "plug" for making a mold. The statute does not prohibit copying the design of the product in any other way: the latter, if in the public domain, is free for anyone to make, use or sell.

Id. at 685.

The Federal Circuit opinion in *Interpart* is more logical and persuasive than the Florida Supreme Court's opinion and, more importantly, is fully consistent with the United States Constitution, the federal patent laws and the American free enterprise system.

Justice Shaw, writing for the three dissenters in the Florida Supreme Court, found the *Interpart* decision "highly persuasive." 515 So.2d at 223, App. *infra* 8. *Sears* and *Compco*, he argued, were distinguishable:

> *Sears* and *Compco* each involved state unfair competition laws prohibiting the sale of identical copies of unpatented times. The state laws had the effect of removing the unpatented items from the public domain, this conflicting with federal policy. In contrast, Section 559.94, Florida Statutes (1983) (sic) does not prohibit the copying of an unpatented item. It prohibits one method of copying, the item remains in the public domain.

515 So.2d at 223, App. *infra* 7-8.

The record below, as summarized above, clearly demonstrates that this case meets this Court's criteria for discretionary review by way of certiorari, as the decisions of the Florida Supreme Court and the Court of Appeals for the Federal Circuit, involving the same federal constitutional issue, are in direct, clear, and irreconcilable conflict. The issue is important and timely. This Court should grant this Petition on this ground alone.*

II. The Florida Supreme Court has decided an important question of federal law which has not been, but should be, settled by this Court.

Petitioner's second ground for seeking certiorari is that this case concerns the still unsettled parameters of the

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*Another federal court has enforced a state statute barring direct molding. *Metro Kane Imports, Ltd. v. Rowoco, Inc.*, 618 F. Supp. 273 (S.D.N.Y. 1985), while a third has implicitly accepted the constitutionality of a direct molding statute in finding that a prima facie violation of that statute had been established. *Brahma, Inc. v. Joe Yeargain, Inc.*, 665 F.Supp. 1447 (N.D.Cal. 1987).

Sears-Compco doctrine. U.S. Sup. Ct. R. 17.1(c). Those cases invalidated a state unfair competition statute that barred *any* copying of an unpatented article but this Court has yet to rule whether, in the wake of *Sears* and *Compco*, states may pass unfair competition statutes that limit one specific form of unfair copying without otherwise prohibiting copying.

However, cases in the 20 years since *Sears* and *Compco* suggest that states are not preempted from enacting unfair competition laws to prohibit specific undesirable and unfair copying activity, so long as these do not have the effect of *entirely* removing an unpatented article from the public domain.

Thus, in *Aronson v. Quick Point Pencil*, 440 U.S. 257 (1979), this Court upheld state enforcement of a royalty contract for an article that later proved unpatentable. In *Kewanee Oil Co. v. Bicron Corp.*, 416 U.S. 470 (1974), this Court upheld state trade secret protection for unpatented articles. Similarly, in *Goldstein v. California*, 412 U.S. 546 (1973), this Court upheld state record piracy laws as not preempted by the then-copyright statute. These cases show that there is substantial room for legitimate state regulation of unfair methods of competition involving unpatented articles and that such state regulation, if not all-encompassing, is not preempted by the federal patent laws under Article I, § 8, clause 8 of the Constitution. The Federal Circuit, in effect, so held in *Interpart*. The decision of the Florida Supreme Court runs counter to this recognized legitimate state regulation.

This case has special and national importance because legislatures in 12 states have prohibited use of the direct molding process for commercial gain as a means of unfair

competition. The fact that so many legislatures see such statutes as serving the public interest establishes that the issue presented is national in scope and significant in importance. The issue is timely and, important and in view of the Federal Circuit's decision in *Interpart*, ripe for review by this Court.

For the foregoing reasons this Petition presents an important question of federal constitutional law which has not been, but should be, settled by this Court. U.S. Sup. Ct. R. 17.1(c).

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CONCLUSION

The petition for a Writ of Certiorari should be granted and set down for briefing and argument on the merits. Alternatively, the petition should be granted summarily and the decision of the Supreme Court of Florida should be vacated and the case remanded for further consideration in light of *Interpart Corp. v. Italia*, 777 F.2d 678 (Fed. Cir. 1985).

Respectfully submitted,

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Dated: February 8, 1988

APPENDIX A

SUPREME COURT OF FLORIDA

CORRECTED OPINION

No. 68,829

BONITO BOATS, INC., Appellant,

vs.

THUNDER CRAFT BOATS, INC., Appellant

(November 12, 1987)

GRIMES, J.

We have for review *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 487 So.2d 395 (Fla. 5th DCA 1986), in which the district court found section 559.94, Florida Statutes (1985),* unconstitutional. We have jurisdiction. Art. V, § 3(b)(i), Fla. Const.

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* § 559.94, Fla. Sat. (1985):

(1) As used in this section, the term:

(a) "Direct molding process" means any direct molding process in which the original manufactured vessel hull or component part of a vessel is itself used as a plug for the making of the mold, which mold is then used to manufacture a duplicate item.

• • • •

(2) It is unlawful for any person to use the direct molding process to duplicate for the purpose of sale any manufactured vessel hull or component part of a vessel made by another without the written permission of that other person.

(3) It is unlawful for any person to knowingly sell a vessel hull or component part of a vessel duplicated in violation of subsection (2).

(4) Any person who suffers injury or damage as the result of a violation of the provisions of this section may bring an action in circuit court for an injunction prohibiting such violations. . . .

Bonito filed suit alleging that Thunder Craft unlawfully duplicated an unpatented Bonito boat design using the direct molding process in violation of section 559.94. The trial court dismissed the complaint, finding section 559.94 preempted by federal patent law. The district court affirmed, finding that federal patent law permits unrestricted copying of unpatented articles, relying on *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225 (1964), and *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234 (1964).

In *Sears*, Sears, Roebuck and Company had copied and sold pole lamps which had been originally designed and marketed by Stiffel Company. In reversing a ruling that Sears was guilty of unfair competition under Illinois law, the Court said:

> In the present case the "pole lamp" sold by Stiffel has been held not to be entitled to the protection of either a mechanical or a design patent. An unpatentable article, like an article on which the patent has expired, is in the public domain and may be made and sold by whoever chooses to do so. What Sears did was to copy Stiffel's design and to sell lamps almost identical to those sold by Stiffel. This it had every right to do under the federal patent laws. That Stiffel originated the pole lamp and made it popular is immaterial. "Sharing in the goodwill of an article unprotected by patent or trade-mark is the exercise of a right possessed by all—and in the free exercise of which the consuming public is deeply interested." *Kellogg Co. v. National Biscuit Co., supra*, 305 U.S. at 122 (59 S.Ct. at 115). To allow a State by use of its law of unfair competition to prevent the copying of an article which represents too slight an advance to be patented would be to permit the State to block off from the public something which federal law has said belongs to the public.

376 U.S. at 231-32. In *Compco*, which involved a similar issue with respect to a lighting fixture, the Court observed:

> Today we have held in *Sears, Roebuck & Co. v. Stiffel Co.*, (376 U.S. 225, 84 S.Ct. 784), that when an article is unprotected by a patent or a copyright, state law may not forbid others to copy that article. To forbid copying would interfere with the federal policy, found in Art. I, § 8, cl. 8, of the Constitution and in the implementing federal statutes, of allowing free access to copy whatever the federal patent and copyright laws leave in the public domain. Here Day-Brite's fixture has been held not to be entitled to a design or mechanical patent. Under the federal patent laws it is, therefore, in the public domain and can be copied in every detail by whoever pleases.

376 U.S. at 237-38.

The suggestion that a trio of more recent Supreme Court cases has modified the *Sears/Compco* doctrine cannot withstand a careful analysis.

The issue in *Goldstein v. California*, 412 U.S. 546 (1973), was the constitutionality of a California statute that imposed criminal penalties for the duplication of recorded musical performances known as record piracy. Thus, the federal copyright laws rather than the federal patent laws were implicated. The then existing copyright act did not expressly deal with record piracy. Therefore, the Supreme Court concluded that Congress' silence in this respect freed the states to regulate in that area. However, the Court was careful to distinguish "mechanical configurations" protected by the patent law and "writings" which were subject to the copyright law, when it said:

In regard to mechanical configurations, Congress had balanced the need to encourage innovation and originality of invention against the need to insure competition in the sale of identical or substantially identical products. The standards established for granting federal patent protection to machines thus indicated not only which articles in this particular category Congress wished to protect, but which configurations it wished to remain free. The application of state law in these cases to prevent the copying of articles which did not meet the requirements for federal protection disturbed the careful balance which Congress had drawn and thereby necessarily gave way under the Supremacy Clause of the Constitution. No comparable conflict between state law and federal law arises in the case of recordings of musical performances. In regard to this category of "Writings," Congress has drawn no balance, rather, it has left the area unattended, and no reason exists why the State should not be free to act.

Id. at 569-70 (footnote omitted).

The question before the Court in *Kewanee Oil Co. v. Bicron Corp.*, 416 U.S. 470 (1974), was whether state trade secret protection is preempted by operation of the federal patent laws. Trade secret protection can only arise in a private context before an article is placed in the public domain. This protection operates only against a limited number of insiders who have gained exposure to the secret during the development of the article. Trade secret laws do not purport to give the owner or exploiter the right to restrain other competitors from copying the secret once it is placed in the public domain. *Kewanee* held only that neither federal patent laws nor their underlying policies mandated that the holder of a trade secret must be subjected to the risk of its disclosure and use by the insiders with whom he deals. The Court stated:

> [T]he policy that matter once in the public domain must remain in the public domain is not incompatible with the existence of trade secret protection. By definition, a trade secret has not been placed in the public domain.

416 U.S. at 484 (footnote omitted). Section 559.94, Florida Statutes (1984) (sic), is not directed to trade secrets but rather operates to impede the right of competitors to duplicate an unpatented article in the public domain.

Aronson v. Quick Point Pencil Co., 440 U.S. 257 (1979), dealt with a contract to pay royalties for the right to sell an article which later proved to be unpatentable. In upholding the continuing requirement to pay royalties, the United States Supreme Court pointed out that enforcement of the contract did not conflict with the patent laws because anyone could copy the article. At the same time, the Court reaffirmed the principle that:

> [A] state may not forbid the copying of an idea in the public domain which does not meet the requirements for federal patent protection.

Id. at 264.

Pursuant to the *Sears/Compco* doctrine, when an article is introduced into the public domain, only a patent can eliminate the inherent risk of competition and then but for a limited time. Yet, the dissent purports to uphold the statute because it outlaws only one type of duplication. Either an article in the public domain is fully protected by patent or it may be copied in any manner. The United States Supreme Court has never ruled that the states may

selectively enact barriers against some methods of copying unpatented articles.

Admittedly, the United States Court of Appeals in *Interpart Corp. v. Italia*, 777 F.2d 678 (Fed. Cir. 1985), held a substantially similar California statute was not preempted by federal patent law. As the basis for its ruling, the court said:

> [T]he statute . . . does not give the creator of the product the right to exclude others from making, using, or selling the product as does the patent law. The statute does not preclude one from photographing, measuring, or in any way utilizing the concept of the design of the product. It does not preclude copying the product by hand, by using sophisticated machinery, or by any method other than the direct molding process. . . .
>
> The statute prevents unscrupulous competitors from obtaining a product and using it as the "plug" for making a mold. The statute does not prohibit copying the design of the product in any other way; the latter, if in the public domain, is free for anyone to make, use, or sell.

Id. at 684-85.

With all due respect, this is a misapplication of the *Sears/Compco* doctrine. Regardless of whether we approve of one capitalizing upon the fruits of another's labor, a competitor is not "unscrupulous" in the eyes of the patent law if he copies someone else's unpatented invention, irrespective of the manner employed to make the copy.

Apparently, the direct molding process is an efficient and inexpensive way of duplicating boat hulls. Otherwise, the legislation, which is intended to protect the original manufacturers of boat hulls, would never have been enacted. There is no indication that section 559.94 was passed to prevent mislabelling or deceptive trade practices. The suggestion that it is "unfair" for one to copy the work of another through the process of making a mold has already been taken into consideration by the federal patent laws which maintain the balance between protecting inventions and the desirability of free competition. Article I, section 8 of the United States Constitution empowered Congress to establish laws with respect to inventions and the states are precluded from second-guessing these laws by placing unauthorized restrictions upon their implementation.

We hold section 559.94 to be unconstitutional and affirm the decision of the district court of appeal.

SHRLICK, BARKETT and KOGAN, JJ., Concur
SHAW, J., Dissents with an opinion, in which McDONALD, C.J., and OVERTON, J., Concur

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SHAW, J., dissenting.

Sears, Roebuck & Co. v. Stiffel Co., 376 U.S. 225 (1964), and its companion case, *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234 (1964), stand for the general rule that

> when an article is unprotected by a patent or a copyright, state law may not forbid others to copy that article. To forbid copying would interfere with the federal policy, found in Art. I, § 8, cl. 8, of the Constitution and in the implementing federal statutes, of allowing free access to copy whatever the federal patent and copyright laws leave in the public domain.

376 U.S. at 237. *Sears* and *Compco* each involved state unfair competition laws prohibiting the sale of identical copies of unpatented items. The state laws had the effect

of removing the unpatented items from the public domain, thus, conflicting with federal patent policy. In contrast, section 559.94, Florida Statutes (1983) (sic), does not prohibit the copying of an unpatented item. It prohibits one method of copying; the item remains in the public domain.

The United States Court of Appeals for the Federal Circuit recently found in *Interpart Corp. v. Italia*, 777 F.2d 678 (Fed. Cir. 1985), that a substantially similar California statute was not federally preempted, reasoning that

> the statute . . . does not give the creator of the product the right to exclude others from making, using, or selling the product as does the patent law. The statute does not preclude one from photographing, measuring, or in any way utilizing the concept of the design of the product. It does not preclude copying the product by hand, by using sophisticated machinery, or by any method other than the direct molding process. . . .
>
> The statute prevents unscrupulous competitors from obtaining a product and using it as the 'plug' for making a mold. The statute does not prohibit copying the design of the product in any other way; the latter, if in the public domain, is free for anyone to make, use, or sell.

Id. at 684-85. The majority finds that the court of appeals misapplied the *Sears/Compco* doctrine. I disagree, and find the decision highly persuasive. The United States Court of Appeals for the Federal Circuit has exclusive jurisdiction over appeals from final federal district court decisions arising under patent law. 28 USCS § 1295(a)(1) (1986). "In creating this nationwide subject matter jurisdiction in the area of patent appeals, it was the intention of Congress to provide a forum that would increase doctrinal stability in the area of patent law and reduce forum

shopping, which was considered to be common in patent litigation." *Cable Electric Products, Inc. v. Genmark, Inc.*, 770 F.2d 1013, 1032 (Fed. Cir. 1985).

The majority points out that "[t]he United States Supreme Court has never ruled that the states may selectively enact barriers against some methods of copying unpatented articles," slip op. at 5 [App. 5-6]. The Court has ruled that "states are free to regulate the use of such intellectual property in any manner not inconsistent with federal law." *Aronson v. Quick Point Pencil Co.*, 440 U.S. 257, 262 (1979) (citations omitted). *Aronson* involved a contract to pay royalties allegedly in conflict with federal patent law. Although the majority seeks to distinguish *Aronson* and cases cited therein, the Court's discussion of the *Sears/Compco* doctrine and general propositions of intellectual property law apply to patent law as well as other areas of intellectual property law. I would not read this case as restrictively as does the majority.

This Court has a duty to resolve all doubt as to a statute's validity in favor of its constitutionality. *See e.g. Falco v. State*, 407 So.2d 203 (Fla. 1981); *Horseman's Benevolent and Protective Association, Florida Division, v. Division of Pari-Mutuel Wagering Department of Business Regulations*, 397 So.2d 692 (Fla. 1981); *Ison v. Zimmerman*, 372 So.2d 431 (Fla. 1979); *State v. Williams*, 343 So.2d 35 (Fla. 1977). Given the United States Supreme Court's silence on the precise issue presented in this case and the United States Court of Appeals decision in *Interpart*, I would reverse the district court's decision and find section 559.94 valid and not preempted by federal patent law.

McDONALD, C.J., and OVERTON, J., Concur

APPENDIX B

BONITO BOATS, IN Appellant,

v.

THUNDER CRAFT BOATS,

INC., Appellee.

No. 85-458.

District Court of Appeal of Florida,
Fifth District.

April 24, 1986.

COWART, Judge.

The plaintiff below, Bonito Boats, Inc. (Bonito), appeals from an order dismissing with prejudice its complaint against the defendant below, Thundercraft Boats, Inc. (Thundercraft).

Bonito's complaint alleged that Thundercraft unlawfully duplicated one of Bonito's unpatented boat hulls using a "direct molding process" in violation of section 559.94, Florida Statutes.[1] The lower court granted Thundercraft's motion to dismiss Bonito's complaint with prejudice on the ground that federal patent laws permit

---

1. 559.94 Duplication of vessel parts; action for injunctive relief against illegal duplication or against sale of illegally duplicated vessel parts.—

(1) As used in this section, the term:

(a) "Direct molding process" means any dirrect molding process in which the original manufactured vessel hull or component part of a vessel is itself used as a plug for the making of the mold, which mold is then used to manufacture a duplicate item.

(Continued on following page)

unrestricted copying of unpatented articles and preempt section 559.94, Florida Statutes. We affirm.

The issue in this case is whether federal patent laws preempt section 559.94, Florida Statutes. Two United States Supreme Court cases provide the answer. In *Sears Roebuck and Co. v. Stiffel Co.*, 376 U.S. 225, 84 S.Ct. 784, 11 L.Ed.2d 661 (1964), the Supreme Court held that a state may not, consistent with the supremacy clause of the Constitution (U.S. Const. art. VI), prohibit the copying of an unpatented article or award damages for such copying. Unpatented articles are in the public domain and may be copied and sold by whoever chooses to do so. The Court rearticulated this position in *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234, 84 S.Ct. 779, 11 L.Ed.2d 669

(Continued from previous page)

(b) "Mold" means a matrix or form in which a substance or material is shaped.

(c) "Plug" means a device or model used to make a mold for the purpose of exact duplication.

(2) It is unlawful for any person to use the direct molding process to duplicate for the purpose of sale any manufactured vessel hull or component part of a vessel made by another without the written permission of that other person.

(3) It is unlawful for any person to knowingly sell a vessel hull or component part of a vessel duplicated in violation of subsection (2).

(4) Any person who suffers injury or damage as the result of a violation of the provisions of this section may bring an action in circuit court for an injunction prohibiting such violatons. In addition, such person shall be entitled to actual damages incurred as a result of such violation and to reasonable attorney's fees and costs.

(5) The provisions of this section apply only to vessel hulls or component parts of vessels duplicated through use of molds made on or after July 1, 1983.

(1964), noting that when an article is unprotected by a patent, state law may not forbid others to copy the article.

This is exactly what section 559.94, Florida Statutes, attempts to do by restricting duplication of vessel hulls or vessel component parts via the direct molding process. This restriction runs counter to the Congressional policy of granting patents only to true inventions and then only for a limited time and encroaches upon both the federal patent laws and the Congressional intent that the federal patent laws determine the question of what is to be patentable and protected from copying and what is to be in the public domain and unprotected from being copied.

We are aware that (as Bonito argues) section 559.94, Florida Statutes, prohibits only one form of copying, i.e., using the "direct molding process," yet permits detailed copying using other methods of duplication. However, neither *Sears*, nor *Compco*, nor any other Supreme Court opinion holds that federal law authorizes a state to limit the manner in which an unpatented item may be duplicated.[2] If state law may not forbid others from copying an unpatented article, then state law may not forbid a particular method of copying.

Interpart Corp. v. Italia, 777 F.2d 678 (Fed.Cir.1985), is on point and supports appellant's position but we do not believe that case is consistent with *Sears, Roebuck and Co.* and *Compco*. We therefore hold that federal patent laws

---

2. The *Sears/Compco* doctrine does not prohibit the right of a state to require "those who make and sell copies to take precautions to identify their products as their own." *Compco*, 376 U.S. at 238, 84 S.Ct. at 782, 11 L.Ed.2d at 672. However, that is not the problem in this case.

preempt Florida's power to regulate the copying of unpatented articles and that section 559.94, Florida Statutes, is unconstitutional under the supremacy clause of the United States Constitution. The lower court's order dismissing Bonito's complaint with prejudice is affirmed.

AFFIRMED.

COBB, C.J., concurs.

ORFINGER, J., dissents with opinion.

ORFINGER, Judge, dissenting.

I respectfully dissent. Section 559.94, Florida Statutes (1985) does not prohibit the copying of a boat hull, per se. It only prohibits the specific method of copying by the direct molding process. I find nothing in the *Sears/Compco* cases which prevents the state from outlawing this particular predatory type of misappropriation.

A very similar California statute was recently held constitutional in the case of *Interpart Corporation v. Imos Italia, Vitaloni, S.p.A.*, 777 F.2d 678 (Fed.Cir.1985). The court found no conflict with federal law nor any violation of the *Sears/Compco* principles. In holding that the statute did not clash with the objectives of the federal patent laws nor stand as an obstacle to the accomplishment and execution of the full purposes and objectives of Congress, the federal court said of the California statute:

> It is clear from the face of the statute that it does not give the creator of the product the right to exclude others from making, using, or selling the product as does the patent law. The statute does not preclude one from photographing, measuring, or in any way utilizing the concept of the design of the product. It does not preclude copying the product by hand, by

> using sophisticated machinery, or by any method other than the direct molding process. . . .
>
> The statute prevents unscrupulous competitors from obtaining a product and using it as the "plug" for making a mold. The statute does not prohibit copying the design of the product in any other way; the latter, if in the public domain, is free for anyone to make, use, or sell.

I find this interpretation persuasive. Both *Sears, Roebuck & Co. v. Stiffel Company*, 376 U.S. 225, 84 S.Ct. 784, 11 L.Ed.2d 661 (1964) and *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234, 84 S.Ct. 779, 11 L.Ed.2d 669 (1964), involved statutes which prohibited *all forms* of copying, and which, in effect, created state patent laws. Under the statute in question here, a competitor may copy and duplicate a boat hull in any fashion whatever, except by the direct molding process. I fail to see how this limitation conflicts with or impairs the federal patent laws. *See Kewanee Oil Company v. Bicron Corp.*, 416 U.S. 470, 94 S.Ct. 1879, 40 L.Ed.2d 315 (1974). I would hold the statute constitutional and reverse the judgment below.

(2)

No. 87-1346

Supreme Court, U.S.
FILED
SEP 8 1988
JOSEPH F. SPANIOL, JR.
CLERK

In The

Supreme Court of the United States

October Term, 1987

BONITO BOATS, INC.

Petitioner,

v.

THUNDER CRAFT BOATS, INC.

Respondent.

ON WRIT OF CERTIORARI TO THE SUPREME COURT OF FLORIDA

JOINT APPENDIX

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(Amicus Curiae, invited by Court per order of June 30, 1988)

Petition for Certiorari Filed February 8, 1988
Certiorari Granted May 16, 1988

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December 21, 1984	Complaint filed and Summons issued
January 8, 1985	Summons and Complaint served on Defendant
February 12, 1985	Motion to Dismiss filed
February 28, 1985	Hearing held on Defendant's Motion to Dismiss
March 4, 1985	Order entered by the Circuit Court in and for Orange County, Florida dismissing the Complaint
March 19, 1985	Notice of Appeal filed in the Circuit Court of the Ninth Judicial Circuit in and for Orange County, Florida
April 24, 1986	Fifth District Court of Appeals Opinion entered affirming dismissal of Complaint
May 12, 1986	Mandate entered from Fifth District Court of Appeals of the State of Florida
May 27, 1986	Notice of Appeal to the Florida Supreme Court filed
November 12, 1987	Corrected Opinion of Supreme Court of Florida entered affirming dismissal of complaint
February 8, 1988	Petition for Writ of Certiorari filed
May 16, 1988	Order allowing certiorari entered

IN THE CIRCUIT COURT OF THE
NINTH JUDICIAL CIRCUIT OF FLORIDA,
ORANGE COUNTY, FLORIDA
CIVIL DIVISION

BONITO BOATS, INC., Case No. CI 84-13248

Plaintiff, (Filed January 2, 1985)

vs.

THUNDER CRAFT
BOATS, INC.,

Defendant.

SUMMONS

THE STATE OF FLORIDA:

To Each Sheriff of the State:

YOU ARE HEREBY COMMANDED to serve this summons and a copy of the complaint or petition in this action on defendant

MR. JAMES BRYANT
Registered Agent
THUNDER CRAFT BOATS, INC.
102 Archer road
Knoxville, Tennessee

Each defendant is hereby required to serve written defenses to the complaint or petition on plaintiff's attorney, whose address is

HAROLD E. MORLAN, II
BAKER & HOSTETLER
Post Office Box 112
Orlando, Florida 32802
(305) 841-1111

within 20 days after service of this summons on that defendant, exclusive of the day of service, and to file the original of the defenses with the clerk of this court either

before service on plaintiff's attorney or immediately thereafter. If a defendant fails to do so, a default will be entered against that defendant for the relief demanded in the complaint or petition.

Dated on December 21, 1984.

Served 8 Jan. 1985
/s/ Bob Parton
/s/ illegible

W.D. GORMAN
Clerk of Circuit Court

(COURT SEAL)

BY: Phyllis Kipfinger
As Deputy Clerk

IN THE CIRCUIT COURT OF THE NINTH JUDICIAL CIRCUIT, IN AND FOR ORANGE COUNTY, FLORIDA

BONITO BOATS, INC.,

Plaintiff,

v.

THUNDER CRAFT BOATS, INC.,

Defendant.

_____/

CASE NO. CI 84-13248

(Filed Dec. 21, 1984)

COMPLAINT

COMES NOW Plaintiff, Bonito Boats, Inc., by and through its undersigned attorneys, and sues Defendant, Thunder Craft Boats, Inc., and for cause says:

1. This is an action for damages in excess of $5,000, and for injunctive relief and statutory damages pursuant to § 559.44 and § 812.035(7), *Florida Statutes*.

2. Plaintiff, Bonito Boats, Inc., is a Florida corporation having its principal place of business in Orlando, Orange County, Florida, and is engaged in the business of designing, manufacturing and selling boats.

3. Defendant, Thunder Craft Boats, Inc., is a Tennessee corporation having its principal place of business in Knoxville, Tennessee and is engaged in the business of manufacturing and selling boats.

4. At all times material herein, Defendant, Thunder Craft Boats, Inc., has operated, conducted, engaged in or carried on a business or business venture in Florida and

is subject to the jurisdiction of the Court herein pursuant to § 48.193, *Florida Statutes*.

5. On or about September 1976, Bonito Boats, Inc., developed an original hull design for a fiberglass recreational boat and on or about September 1976 began manufacturing and marketing said boat under the trade name Bonito Boat Model "5VBR." Plaintiff, Bonito Boats, Inc., owns all the property rights in said Bonito Boat Model "5VBR." Due to the high quality of the design and construction of Bonito Boat Model "5VBR," there has developed a broad interstate market for said boat, which market continues to expand.

6. On or after July 1, 1983, and continuing to the present, Defendant, Thunder Craft Boats, Inc., has unlawfully duplicated the Bonito Boat Model "5VBR" and knowingly has sold numerous unauthorized copies of said Bonito Boat under the model name "Capri."

7. Defendant, Thunder Craft Boats, Inc., has used, and continues to use, the "direct molding process" to duplicate for the purpose of sale the manufactured vessel hull or component parts of the Bonito Boat Model "5VBR" without the written permission of Plaintiff, Bonito Boats, Inc., in violation of § 559.94(2), *Florida Statutes*. Defendant, Thunder Craft Boats, Inc., has knowingly sold, and continues knowingly to sell said vessel hulls or component parts of vessel hulls in violation of § 559.94(3), *Florida Statutes*.

8. Although Plaintiff, Bonito Boats, Inc., has formally demanded that Defendant, Thunder Craft Boats, Inc., cease the unlawful copying and sale of Plaintiff's boat hull, Defendant has refused to do so.

9. The acts of Defendant, Thunder Craft Boats, Inc., in unlawfully copying and selling Bonito Boat Model "5VBR," and refusing to cease despite Plaintiff's demands, constitute willful violations of § 812.014, *Florida Statutes*, in that Defendant, Thunder Craft Boats, Inc., has knowingly obtained or used, or endeavored to obtain or use, the property of Plaintiff with intent to either temporarily or permanently deprive Plaintiff of a right to the property or a benefit therefrom, and to appropriate to Defendant's own use Plaintiff's property rights in the Bonito Boat Model "5VBR."

10. As a direct result of Defendant's unlawful copying and selling of Bonito Boat Model "5VBR," Plaintiff has suffered and continues to suffer extensive damages from lost sales, loss of goodwill, dilution of the value of its hull design, costs of investigation of Defendant's acts, and attorneys' fees and costs of this action.

11. As a result of Defendant's wrongful conduct set forth above, Plaintiff has been required to retain the law firm of Baker & Hostetler and has become obligated to pay said firm a reasonable attorney's fee for services rendered in connection with this action.

WHEREFORE, Plaintiff, Bonito Boats, Inc., demands judgment against Defendant, Thunder Craft Boats, Inc., for:

(a) a temporary and permanent injunction prohibiting Defendant from continuing to unlawfully duplicate and sell Bonito Boat hulls or components;

(b) an accounting of all monies received by Defendant from the sale of "Capri" model boats;

(c) threefold actual damages;

(d) punitive damages in excess of $500,000;

(e) attorney's fees;

(f) costs of investigation;

(g) costs of this action; and

(h) such other relief as is just.

Further, Plaintiff requests jury trial of all issues so triable herein.

BAKER & HOSTETLER
13th Floor - Barnett Plaza
Post Office Box 112
Orlando, Florida 32802
(305) 841-1111
Attorneys for Plaintiff,
Bonito Boats, Inc.

By: /s/ Harold E. Morlan II
HAROLD E. MORLAN, II
Florida Bar No. 211656

IN THE CIRCUIT COURT OF THE NINTH JUDICIAL CIRCUIT, IN AND FOR ORANGE COUNTY, FLORIDA

BONITO BOATS, INC.,

Plaintiff,

vs.

THUNDER CRAFT BOATS, INC.,

Defendant.
_____/

CASE NO. 84-13248

(Filed Feb. 12, 1985)

DEFENDANT'S MOTION TO DISMISS

Pursuant to Rule 1.140(a), Florida Rules of Civil Procedure, Defendant THUNDER CRAFT BOATS, INC., moves this Court to enter an Order dismissing the Complaint filed herein. In support of this motion, Defendant relies on the following:

1. The Complaint seeks to impose substantial monetary and coercive relief for the alleged duplication of an article in commerce that is not protected by the patent, trademark, or copyright laws of the United States. The relief is based entirely on two statutes enacted by the State of Florida. These state statutes are repugnant to the Supremacy Clause of the Constitution of the United States of America and are therefore invalid. *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234, 84 S.Ct. 779, 11 L.Ed.2d 669 (1964); *Sears Roebuck & Co. v. Stiffel Co.*, 376 U S. 225, 84 S.Ct. 784, 11 L.Ed.2d 661 (1964).

2. To the extent that Plaintiff's claim for damages under Chapter 812, Florida Statutes, is not unconstitutional, the Complaint fails to allege sufficient ultimate facts to state a valid cause of action for civil theft.

3. Contrary to Rules 1.110(f) and (g), the Complaint improperly combines two distinct claims or causes of action without separating them into different counts.

WHEREFORE, Defendant THUNDER CRAFT BOATS, INC., respectfully requests this Court to enter an Order dismissing the Complaint.

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Post Office Box 829
Orlando, Florida 32802
(305) 843-2581
Attorneys for Defendant

By: /s/ Hal K. Litchford
Hal K. Litchford

IN THE CIRCUIT COURT,
IN AND FOR ORANGE
COUNTY, FLORIDA

BONITO BOATS, INC.,
Plaintiff,

CASE NUMBER 84-12348
(Filed Mar. 4, 1985)

vs.

THUNDER CRAFT
BOATS, INC.,
Defendant.

_____/

ORDER

This cause came on to be heard upon the Motion of Defendant to dismiss the Complaint. The Complaint is in one count, and is essentially based upon the prohibition against use of the "direct molding" process as set out in Section 559.94 of Florida Statutes in the following words: "It is unlawful for any person to use the direct molding process to duplicate for the purpose of sale any manufactured vessel hull or component part of a vessel made by another without the written permission of that other person." The Plaintiff complained that Defendant, by use of said process, has duplicated a boat which was conceived by the Plaintiff, the mold therefor crafted, developed, and manufactured by the Plaintiff and its staff bearing model name "5VBR", which boat had developed a broad and profitable market. Defendant's duplicate bears a name "Capri" and is invading Plaintiff's market, all to the great loss and damage of the Plaintiff. It is not alleged the mold which the Plaintiff's staff developed, prepared, and has used and is using for the production of its model of said boat, has either a mechanical or design

patent. In other words, it appears to occupy the same class as an unpatentable article or an article on which a patent has expired, in which case it is then in the public domain and may be made and sold by whomever chooses. In essence, what the Defendant has done is copy the Plaintiff's boat design by duplicating process which appears to be in violation of this statute. However, the U.S. Constitution and patent laws appear to permit this. See the cases of *Sears, Roebuck & Co., v. Stiffel Company*, 376 US 225, 11L ed 2d 661, 84 S Ct 784, reh den 376 US 973, 12 L ed 2d 87, 84 S Ct 1131 and *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 US 234, 11 L ed 2d 669, 84 S Ct 779, reh den 377 US 913, 12 L ed 2d 183, 84 S Ct 1162. These are cases in which it has been held that an article upon which there is no patent may be copied or duplicated, that is to say, that members of the public have every right under the Federal Patent Laws not only to copy and duplicate, but to share in the good will of an article which is not protected by a patent or a trademark. See also *Crow v. Wainright*, 720 F.2d 1224 (11th Cir. 1984) and *Litton Systems, Inc. v. Whirlpool Corp.*, 728 F. 2d 1423 (Fed. Cir. 1984). None of the above cases cover copying or duplicating by use of a mold. However, these cases do not place any limitation whatsoever on the manner in which a copy or duplicate of an article may be made.

The Court is therefore of the view that no such limitation can or may be placed upon the manner in which a copy of a duplicate may be made. In *Sears, Roebuck & Co.*, supra, the Court held " . . . But because of the patent law a State may not when the article is unpatentable and uncopyrighted prohibit the copying of the article itself or award damages for such copying . . . " In *Compco Corp*, supra,

which was decided on or about the same day the *Sears* case was decided, the Court held

> "Today we have held in *Sears, Roebuck & Co. v. Stiffel Co.*, supra, that when an article is unprotected by a patent or a copyright, state law may not forbid others to copy that article. To forbid copying would interfere with the federal policy, found in Art. I, Section 8, cl. 8, of the Constitution and in the implementing federal statutes, of allowing free access to copy whatever the federal patent and copyright laws leave in the public domain . . . . regardless of the copier's motives, neither these facts nor any others can furnish a basis for imposing liability for or prohibiting the actual acts of copying and selling."

Both cases indicated that a State law may impose liability upon such copier or duplicator to separately identify his article from that of the original manufacturer to the end that the original manufacturer's reputation for quality and integrity might be preserved. The failure of such indentification or a separate labeling is not complained of in the Complaint and does not appear to be the subject of this suit.

The Plaintiff has asserted that the case of *Goldstein v. California*, 412 US 546, 37 L. Ed. 2d 163, 93 S. Ct. 2303 (1973) is more applicable here. However, that case clearly distinguishes the *Sears* and *Compco* cases. It was decided under the copyright law as it existed prior to February 15, 1972, and a California statute then in existence all with reference to facts and circumstances which occurred at that time. The Court does not find it to be applicable to these facts and circumstances. The Court therefore reluctantly and with great regret feels the present circumstance of the law is such this Complaint must be dismissed with prejudice. It is upon consideration thereof

ORDERED and ADJUDGED that the Complaint of the Defendant is hereby dismissed with prejudice.

DONE and ORDERED in Chambers at Kissimmee, Osceola County, Florida, this 1st day of March, 1985.

/s/ Cecil H. Brown
CECIL H. BROWN
Circuit Judge

BONITO BOATS, INC., Appellant,

v.

THUNDER CRAFT BOATS, INC., Appellee.

No. 85-458.

District Court of Appeal of Florida, Fifth District.

April 24, 1986.

COWART, Judge.

The plaintiff below, Bonito Boats, Inc. (Bonito), appeals from an order dismissing with prejudice its complaint against the defendant below, Thundercraft Boats, Inc. (Thundercraft).

Bonito's complaint alleged that Thundercraft unlawfully duplicated one of Bonito's unpatented boat hulls using a "direct molding process" in violation of section 559.94, Florida Statutes.[1] The lower court granted

---

[1] 559.94 Duplication of vessel parts; action for injunctive relief against illegal duplication or against sale of illegally duplicated vessel parts.–

(1) As used in this section, the term:

(a) "Direct molding process" means any direct molding process in which the original manufactured vessel hull or component part of a vessel is itself used as a plug for the making of the mold, which mold is then used to manufacture a duplicate item.

(b) "Mold" means a matrix or form in which a substance for material is shaped.

(Continued on following page)

Thundercraft's motion to dismiss Bonito's complaint with prejudice on the ground that federal patent laws permit unrestricted copying of unpatented articles and preempt section 559.94, Florida Statutes. We affirm.

The issue in this case is whether federal patent laws preempt section 559.94, Florida Statutes. Two United States Supreme Court cases provide the answer. In *Sears Roebuck and Co. v. Stiffel Co.*, 376 U.S. 225, 84 S.Ct. 784, 11 L.Ed.2d 661 (1964), the Supreme Court held that a state may not, consistent with the supremacy clause of the Constitution (U.S. Const. art. VI), prohibit the copying of an unpatented article or award damages for such copying. Unpatented articles are in the public domain and may be copied and sold by whoever chooses to do so. The

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(Continued from previous page)

(c) "Plug" means a device or model used to make a mold for the purpose of exact duplication.

(2) It is unlawful for any person to use the direct molding process to duplicate for the purpose of sale any manufactured vessel hull or component part of a vessel made by another without the written permission of that other person.

(3) It is unlawful for any person to knowingly sell a vessel hull or component part of a vessel duplicated in violation of subsection (2).

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(5) The provisions of this section apply only to vessel hulls or component parts of vessels duplicated through use of molds made on or after July 1, 1983.

Court rearticulated this position in *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234, 84 S.Ct. 779, 11 L.Ed.2d 669 (1964), noting that when an article is unprotected by a patent, state law may not forbid others to copy the article.

This is exactly what section 559.94, Florida Statutes, attempts to do by restricting duplication of vessel hulls or vessel component parts via the direct molding process. This restriction runs counter to the Congressional policy of granting patents only to true inventions and then only for a limited time and encroaches upon both the federal patent laws and the Congressional intent that the federal patent laws determine the question of what is to be patentable and protected from copying and what is to be in the public domain and unprotected from being copied.

We are aware that (as Bonito argues) section 559.94, Florida Statutes, prohibits only one form of copying, i.e., using the "direct molding process," yet permits detailed copying using other methods of duplication. However, neither *Sears*, nor *Compco*, nor any other Supreme Court opinion holds that federal law authorizes a state to limit the manner in which an unpatented item may be duplicated.[2] If state law may not forbid others from copying an unpatented article, then state law may not forbid a particular method of copying.

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[2] The *Sears/Compco* doctrine does not prohibit the right of a state to require "those who make and sell copies to take precautions to identify their products as their own." *Compco*, 376 U.S. at 238, 84 S.Ct. at 782, 11 L.Ed.2d at 672. However, that is not the problem in this case.

Interpart Corp. v. Italia, 777 F.2d 678 (Fed.Cir.1985), is on point and supports appellant's position but we do not believe that case is consistent with *Sears, Roebuck and Co.* and *Compco*. We therfore hold that federal patent laws preempt Florida's power to regulate the copying of unpatented articles and that section 559.94, Florida Statutes, is unconstitutional under the supremacy clause of the United States Constitution. The lower court's order dismissing Bonito's complaint with prejudice is affirmed.

AFFIRMED.

COBB, C.J., concurs.

ORFINGER, J., dissents with opinion.

ORFINGER, Judge, dissenting.

I respectfully dissent. Section 559.94, Florida Statutes (1985) does not prohibit the copying of a boat hull, per se. It only prohibits the specific method of copying by the direct molding process. I find nothing in the *Sears/Compco* cases which prevents the state from outlawing this particular predatory type of misappropriation.

A very similar California statute was recently held constitutional in the case of *Interpart Corporation v. Imos Italia, Vitaloni, S.p.A.*, 777 F.2d 678 (Fed.Cir.1985). The court found no conflict with federal law nor any violation of the *Sears/Compco* principles. In holding that the statute did not clash with the objectives of the federal patent laws nor stand as an obstacle to the accomplishment and execution of the full purposes and objectives of Congress, the federal court said of the California statute:

> It is clear from the face of the statute that it does not give the creator of the product the right to exclude

> others from making, using, or selling the product as does the patent law. The statute does not preclude one from photographing, measuring, or in any way utilizing the concept of the design of the product. It does not preclude copying the product by hand, by using sophisticated machinery, or by any method other than the direct molding process. . . .
>
> The statute prevents unscrupulous competitors from obtaining a product and using it as the "plug" for making a mold. The statute does not prohibit copying the design of the product in any other way; the latter, if in the public domain, is free for anyone to make, use, or sell.

I find this interpretation persuasive. Both *Sears, Roebuck & Co. v. Stiffel Company*, 376 U.S. 225, 84 S.Ct. 784, 11 L.Ed.2d 661 (1964) and *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234, 84 S.Ct. 779, 11 L.Ed.2d 669 (1964), involved statutes which prohibited *all forms* of copying, and which, in effect, created state patent laws. Under the statute in question here, a competitor may copy and duplicate a boat hull in any fashion whatever, except by the direct molding process. I fail to see how this limitation conflicts with or impairs the federal patent laws. *See Kewanee Oil Company v. Bicron Corp.*, 416 U.S. 470, 94 S.Ct. 1879, 40 L.Ed.2d 315 (1974). I would hold the statute constitutional and reverse the judgment below.

SUPREME COURT
STATE OF FLORIDA

BONITO BOATS, INC.

Plaintiff/Appellant,

vs. APPEAL NO. 68,829

THUNDERCRAFT
BOATS, INC.,

Defendant/
Appellee.
_____/

APPENDIX TO ANSWER BRIEF OF APPELLEE

On Appeal from the Fifth District
Court of Appeal, State of Florida

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STATE OF FLORIDA
HOUSE TRANSPORTATION COMMITTEE MEETING
May 2, 1983

Tom Gustafson, Chairman

CHAIRMAN: I am going to try and take care of the Senators and House Members that are here quickly particularly on some of those noncontroversial bills and on HB 685. Mr. McPherson is here. He handles the identical Senate bill. He is arguing that for Ms. McKenzie.

MR. McPHERSON: Mr. Chairman, I really appreciate your making the exception on the agenda of the Honorable House of Representatives. This bill addresses two problems.

One, that of boat theft, and one of hull duplication. It calls for a hidden identification number in several places on the boats. Florida is number one in boat theft in the nation and these boats are not $15 and $20 boats. They're 10 and 15 thousand dollar boats, and it's a very simple matter to steal one, and all you do is grind out the identification number that's prominently displayed on the hull, and you have a boat, and it's very hard to prove a case against someone that has done that. This is very similar to what they do presently with automobiles where there are several identification numbers on your automobile that are hidden and only known to the manufacturer and law enforcement agencies.

Two, deals with hull duplication, and that would be in the instance that for instance Macko would design an energy efficient hull, and would spend several months or years in research and its design, but once they market that boat anybody can pull it down to one of these industrial sections where they have a little shop and what they refer to in boat manufacturing as splashing, duplicate that hull and start manufacturing that same hull. So, first of all, there is no inducement for that quality boat manufacturer to improve these designs and secondly, if he does, it is immediately copied. This would prevent that and allow him recourse in circuit court.

CHAIRMAN: Questions?

No questions.

Mr. Mart moves the Bill, Mr. Dudley first.

MR. DUDLEY: Is not the latter part of the unlawful to duplicate already covered under federal law if there is a copyright protection?

MR. McPHERSON: No, sir, it is not, and, unfortunately, we wish that it was, but they are doing it state by state, and marine industries are hoping to do it in a number of states, but it is a real problem, and . . .

MR. DUDLEY: There are amendments from the committee.

CHAIRMAN: The committee on transfers of the subcommittee on page 3, line 4,

strike "injured by a" and insert "who suffers injury or damage as a result of a".

MR. McPHERSON: It's better English.

Mr. Wallace moves that amendment.

CHAIRMAN: Any objections? Hearing none, record a unanimous roll call. Up next, another amendment on page 3, line 7, strikes "the injured" and insert such again its same technical correction same as the 6 amendment all these amendments.

Mr. Wallace moves the amendment.

CHAIRMAN: Any objections? Hearing none, record a unanimous roll call. Vote now on the bill as amended. Any other questions, comments? If not, the motion has been made. Please call the roll.

MS. BAILEY: Yes.

MS. BROWN: Yes.

MR. COSGROVE: Yes.

MS. DAVIS: (No Response).

MR. DUDLEY: Yes.

MR. GALLAGHER: (No Response).

MR. HARGRET: Yes.

MR. HAWKINS: Yes.

MR. HEALEY: Yes.

MR. JOHNSON: Yes.

MR. LEWIS: Yes.

MR. MARTIN: Yes.

MR. PEOPLES: Yes.

MR. SILVER: (No Response).

MR. THOMPSON: (No Response).

MR. WALLACE: Yes.

MR. WARD: (No Response).

MR. WATT: Yes.

MR. WEBSTER: Yes.

MR. WILLIAMS: (No Response).

MR. CHAIRMAN: Yes.

Reconsideration.

CHAIRMAN: On House Bill 685, Mr. Ward will move to reconsider the vote by which the amendment to the bill passed. We do have an amendment that he had talked with the sponsors on that we need to put on quickly in order to get the Bill out. If there is no objection, we will reconsider then House Bill 685. The amendment goes to making sure that you can put the registration number on the rudder of an airboat so that it is not caught up in the registration problem in error. On House Bill 685, then, there is an amendment by Mr. Ward.

MR. WARD: The amendment would say that they may put the registration numbers on the rudder as well as on the hull if they want to because when they roam through the grass and the reeds they get knocked off

of the hull, and they are much greater protected on the rudder so it is an option to the owners of the airboats.

MR. GALLAGHER: Is that for the manufacturer number?

MR. WARD: That's for the registration number that the State of Florida requires.

MR. GALLAGHER: This doesn't affect the manufacturer?

MR. WARD: No.

CHAIRMAN: All right. If there is no objection, we will quote a unanimous roll call on that amendment. Next there is a title amendment. Is there any objection? Hearing none, record unanimous roll call on the title amendment now as to House Bill 685 as amended. Is there objection? Hearing not, please call the roll.

ROLL CALL:

MS. BAILEY: (No Response)

MS. BROWN: Yes.

MR. COSGROVE: Yes.

MS. DAVIS: (No response)

MR. DUDLEY: Yes.

MR. GALLAGHER: Yes.

MR. HARGRET: Yes.

MR. HAWKINS: Yes.

MR. HEALEY: Yes.

MR. JOHNSON: Yes.

MR. LEWIS:	Yes.
MR. MARTIN:	(No Response)
MR. PEOPLES:	Yes.
MR. SILVER:	(No Response)
MR. THOMPSON:	Yes.
MR. WALLACE:	Yes.
MR. WARD:	Yes.
MR. WATT:	Yes.
MR. WEBSTER:	Yes.
MR. WILLIAMS:	(No response)
MR. GUSTAFSON:	Yes.
CHAIRMAN:	By vote the Bill passes as amended.

SUPREME COURT
STATE OF FLORIDA

BONITO BOATS, INC.

Plaintiff/Appellant,

vs. APPEAL NO. 68,829

THUNDERCRAFT
BOATS, INC.

Defendant/
Appellee.

_____/

APPELLEE'S MOTION TO SUPPLEMENT THE RECORD

Pursuant to Fla.R.App.P. 9.200(f) Appellee, THUNDERCRAFT BOATS, INC., movers this Court to enter an order supplementing the record on appeal by inclusion of the transcript of the recorded proceedings of the Transportation Committee of the Florida House of Representative which considered the statute whose constitutionality is the subject of this appeal. In support of this motion, appellee relies on the following:

1. Appellee's extensive efforts to obtain any legislative history for Section 559.94, Florida Statutes, the legislation challenged in this appeal, yielded only a tape recording of proceedings before the Transportation Committee of the Florida House of Representatives on May 3, 1983. Since it is in a recorded form, this legislative history is not capable of traditional citation as authority. Nor can it usefully be judicially noticed absent a transcription.

2. Appellee undertook the task of transcribing the recorded proceedings. Appellee submitted both the tape and the proposed transcript to counsel for Appellant for

review and for possible inclusion as part of the record. As a result of the review, undersigned counsel is authorized to represent to this Court that Appellant's counsel agreed with the accuracy of the transcript submitted with the Answer Brief as an appendix and has no objection to its inclusion in the record of appeal. In taking this position, however, Appellant's counsel does not stipulate that the recording is the only legislative history covering §559.94, Florida Statutes.

3. The extant legislative history may assist this Court in determining the constitutionality of the statute at issue.

WHEREFORE, Appellee, THUNDERCRAFT BOATS, INC., respectfully requests this Court to enter an order adopting the transcript of proceedings of the Transportation Committee of the Florida House of Representatives on May 3, 1983, attached to the Appendix that accompanies the Answer Brief, as part of the record on appeal.

Respectfully submitted,

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SUPREME COURT OF FLORIDA

WEDNESDAY, AUGUST 20, 1986

BONITO BOATS, INC.,	)	
	)	
APPELLANT,	)	
	)	
V.	)	CASE NO. 68,829
	)	
THUNDERCRAFT BOATS, INC.,	)	
	)	
APPELLEE.	)	

Appellee's Motion to Supplement the Record is hereby granted and this Court adopts the transcript of proceedings of the Transportation Committee of the Florida House of Representatives on May 3, 1983, attached to the Appendix that accompanies the Appellee's Brief filed on August 18, 1986.

SUPREME COURT OF FLORIDA
CORRECTED OPINION

No. 68,829

BONITO BOATS, INC., Appellant,
vs.
THUNDER CRAFT BOATS, INC., Appellant
(November 12, 1987)

GRIMES, J.

We have for review *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 487 So.2d 395 (Fla. 5th DCA 1986), in which the district court found section 559.94, Florida Statutes (1985),* unconstitutional. We have jurisdiction. Art. V, § 3(b)(i), Fla. Const.

---

* § 559.94, Fla. Sat. (1985):

(1) As used in this section, the term:

(a) "Direct molding process" means any direct molding process in which the original manufactured vessel hull or component part of a vessel is itself used as a plug for the making of the mold, which mold is then used to manufacture a duplicate item.

* * * *

(2) It is unlawful for any person to use the direct molding process to duplicate for the purpose of sale any manufactured vessel hull or component part of a vessel made by another without the written permission of that other person.

(3) It is unlawful for any person to knowingly sell a vessel hull or component part of a vessel duplicated in violation of subsection (2).

(Continued on following page)

Bonito filed suit alleging that Thunder Craft unlawfully duplicated an unpatented Bonito boat design using the direct molding process in violation of section 559.94. The trial court dismissed the complaint, finding section 559.94 preempted by federal patent law. The district court affirmed, finding that federal patent law permits unrestricted copying of unpatented articles, relying on *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225 (1964), and *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234 (1964).

In *Sears*, Sears, Roebuck and Company had copied and sold pole lamps which had been originally designed and marketed by Stiffel Company. In reversing a ruling that Sears was guilty of unfair competition under Illinois law, the Court said:

> In the present case the "pole lamp" sold by Stiffel has been held not to be entitled to the protection of either a mechanical or a design patent. An unpatentable article, like an article on which the patent has expired, is in the public domain and may be made and sold by whoever chooses to do so. What Sears did was to copy Stiffel's design and to sell lamps almost identical to those sold by Stiffel. This it had every right to do under the federal patent laws. That Stiffel originated the pole lamp and made it popular is immaterial. "Sharing in the goodwill of an article unprotected by patent or trade-mark is the exercise of a right possessed by all–and in the free exercise of which the consuming public is deeply interested." *Kellogg Co. v. National Biscuit Co., supra,*

(Continued from previous page)

(4) Any person who suffers injury or damage as the result of a violation of the provisions of this section may bring an action in circuit court for an injunction prohibiting such violations . . .

> 305 U.S. at 122 (59 S.Ct. at 115). To allow a State by use of its law of unfair competition to prevent the copying of an article which represents too slight an advance to be patented would be to permit the State to block off from the public something which federal law has said belongs to the public.

376 U.S. at 231-32. In *Compco*, which involved a similar issue with respect to a lighting fixture, the Court observed:

> Today we have held in *Sears, Roebuck & Co. v. Stiffel Co.*, (376 U.S. 225, 84 S.Ct. 784), that when an article is unprotected by a patent or a copyright, state law may not forbid others to copy that article. To forbid copying would interfere with the federal policy, found in Art. I, § 8, cl. 8, of the Constitution and in the implementing federal statutes, of allowing free access to copy whatever the federal patent and copyright laws leave in the public domain. Here Day-Brite's fixture has bee held not to be entitled to a design or mechanical patent. Under the federal patent laws it is, therefore, in the public domain and can be copied in every detail by whoever pleases.

376 U.S. at 237-38.

The suggestion that a trio of more recent Supreme Court cases has modified the *Sears/Compco* doctrine cannot withstand a careful analysis.

The issue in *Goldstein v. California*, 412 U.S. 546 (1973), was the constitutionality of a California statute that imposed criminal penalties for the duplication of recorded musical performances known as record piracy. Thus, the federal copyright laws rather than the federal patent laws were implicated. The then existing copyright act did not expressly deal with record piracy. Therefore, the Supreme Court concluded that Congress' silence in

this respect freed the states to regulate in that area. However, the Court was careful to distinguish "mechanical configurations" protected by the patent law and "writings" which were subject to the copyright law, when it said:

> In regard to mechanical configurations, Congress had balanced the need to encourage innovation and originality of invention against the need to insure competition in the sale of identical or substantially identical products. The standards established for granting federal patent protection to machines thus indicated not only which articles in this particular category Congress wished to protect, but which configurations it wished to remain free. The application of state law in these cases to prevent the copying of articles which did not meet the requirements for federal protection disturbed the careful balance which Congress had drawn and thereby necessarily gave way under the Supremacy Clause of the Constitution. No comparable conflict between state law and federal law arises in the case of recordings of musical performances. In regard to this category of "Writings," Congress has drawn no balance, rather, it has left the area unattended, and no reason exists why the State should not be free to act.

Id. at 569-70 (footnote omitted).

The question before the Court in *Kewanee Oil Co. v. Bicron Corp.*, 416 U.S. 470 (1974), was whether state trade secret protection is preempted by operation of the federal patent laws. Trade secret protection can only arise in a private context before an article is placed in the public domain. This protection operates only against a limited number of insiders who have gained exposure to the secret during the development of the article. Trade secret laws do not purport to give the owner or exploiter the

right to restrain other competitors from copying the secret once it is placed in the public domain. *Kewanee* held only that neither federal patent laws nor their underlying policies mandated that the holder of a trade secret must be subjected to the risk of its disclosure and use by the insiders with whom he deals. The Court stated:

> [T]he policy that matter once in the public domain must remain in the public domain is not incompatible with the existence of trade secret protection. By definition, a trade secret has not been placed in the public domain.

416 U.S. at 484 (footnote omitted). Section 559.94, Florida Statues (1984) (sic), is not directed to trade secrets but rather operates to impede the right of competitors to duplicate an unpatented article in the public domain.

Aronson v. Quick Point Pencil Co., 440 U.S. 257 (1979), dealt with a contract to pay royalties for the right to sell an article which later proved to be unpatentable. In upholding the continuing requirement to pay royalties, the United States Supreme Court pointed out that enforcement of the contract did not conflict with the patent laws because anyone could copy the article. At the same time, the Court reaffirmed the principle that:

> [A] state may not forbid the copying of an idea in the public domain which does not meet the requirements for federal patent protection.

Id. at 264.

Pursuant to the *Sears/Compco* doctrine, when an article is introduced into the public domain, only a patent can eliminate the inherent risk of competition and then but for a limited time. Yet, the dissent purports to uphold

the statute because it outlaws only one type of duplication. Either an article in the public domain is fully protected by patent or it may be copied in any manner. The United States Supreme Court has never ruled that the states may selectively enact barriers against some methods of copying unpatented articles.

Admittedly, the United States Court of Appeals in *Interpart Corp. v. Italia*, 777 F.2d 678 (Fed. Cir. 1985), held a substantially similar california statute was not preempted by federal patent law. As the basis for its ruling, the court said:

> [T]he statute . . . does not give the creator of the product the right to exclude others from making, using, or selling the product as does the patent law. The statute does not preclude one from photographing, measuring, or in any way utilizing the concept of the design of the product. It does not preclude copying the product by hand, by using sophisticated machinery, or by any method other than the direct molding process. . . .
>
> The statute prevents unscrupulous competitors from obtaining a product and using it as the "plug" for making a mold. The statute does not prohibit copying the design of the product in any other way; the latter, if in the public domain, is free for anyone to make, use, or sell.

Id. at 684-85.

With all due respect, this is a misapplication of the *Sears/Compco* doctrine. Regardless of whether we approve of one capitalizing upon the fruits of another's labor, a competitor is not "unscrupulous" in the eyes of the patent law if he copies someone else's unpatented invention, irrespective of the manner employed to make the copy.

Apparently, the direct molding process is an efficient and inexpensive way of duplicating boat hulls. Otherwise, the legislation, which is intended to protect the original manufacturers of boat hulls, would never have been enacted. There is no indication that section 559.94 was passed to prevent mislabelling or deceptive trade practices. The suggestion that it is "unfair" for one to copy the work of another through the process of making a mold has already been taken into consideration by the federal patent laws which maintain the balance between protecting inventions and the desirability of free competition. Article I, section 8 of the United States Constitution empowered Congress to establish laws with respect to inventions and the states are precluded from second-guessing these laws by placing unauthorized restrictions upon their implementation.

We hold section 559.94 to be unconstitutional and affirm the decision of the district court of appeal.

SHRLICK, BARKETT and KOGAN, JJ., Concur
SHAW, J., Dissents with an opinion, in which McDONALD, C.J., and OVERTON, J., Concur

---

SHAW, J., dissenting.

Sears, Roebuck & Co. v. Stiffel Co., 376 U.S. 225 (1964), and its companion case, *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234 (1964), stand for the general rule that

> when an article is unprotected by a patent or a copyright, state law may not forbid others to copy that article. To forbid copying would interfere with the federal policy, found in Art. I, § 8, cl. 8, of the Constitution and in the implementing federal statutes, of allowing free access to copy whatever the federal patent and copyright laws leave in the public domain.

376 U.S. at 237. *Sears* and *Compco* each involved state unfair competition laws prohibiting the sale of identical copies of unpatented items. The state laws had the effect of removing the unpatented items from the public domain, thus, conflicting with federal patent policy. In contrast, section 559.94, Florida Statutes (1983) (sic), does not prohibit the copying of an unpatented item. It prohibits one method of copying; the item remains in the public domain.

The United States Court of Appeals for the Federal Circuit recently found in *Interpart Corp. v. Italia*, 777 F.2d 678 (Fed. Cir. 1985), that a substantially similar California statute was not federally preempted, reasoning that

> the statute . . . does not give the creator of the product the right to exclude others from making, using, or selling the product as does the patent law. The statute does not preclude one from photographing, measuring, or in any way utilizing the concept of the design of the product. It does not preclude copying the product by hand, by using sophisticated machinery, or by any method other than the direct molding process. . . .
>
> The statute prevents unscrupulous competitors from obtaining a product and using it as the 'plug' for making a mold. The statute does not prohibit copying the design of the product in any other way; the latter, if in the public domain, is free for anyone to make, use, or sell.

Id. at 684-85. The majority finds that the court of appeals misapplied the *Sears/Compco* doctrine. I disagree, and find the decision highly persuasive. The United States Court of Appeals for the Federal Circuit has exclusive jurisdiction over appeals from final federal district court decisions arising under patent law. 28 USCS § 1295(a)(1) (1986). "In creating this nationwide subject matter jurisdiction in the area of patent appeals, it was the intention of Congress to provide a forum that would increase doctrinal stability in the area of patent law and reduce forum shopping, which was considered to be common in patent litigation." *Cable Electric Products, Inc. v. Genmark, Inc.*, 770 F.2d 1013, 1032 (Fed. Cir. 1985).

The majority points out that "[t]he United States Supreme Court has never ruled that the states may selectively enact barriers against some methods of copying unpatented articles," slip op. at 5 [J.A. 35]. The Court has ruled that "states are free to regulate the use of such intellectual property in any manner not inconsistent with federal law." *Aronson v. Quick Point Pencil Co.*, 440 U.S. 257, 262 (1979) (citations omitted). *Aronson* involved a contract to pay royalties allegedly in conflict with federal patent law. Although the majority seeks to distinguish *Aronson* and cases cited therein, the Court's discussion of the *Sears/Compco* doctrine and general propositions of intellectual property law apply to patent law as well as other areas of intellectual property law. I would not read this case as restrictively as does the majority.

This Court has a duty to resolve all doubt as to a statute's validity in favor of its constitutionality. *See e.g. Falco v. State*, 407 So.2d 203 (Fla. 1981); *Horseman's Benevolent and Protective Association, Florida Division, v. Division*

of Pari-Mutuel Wagering Department of Business Regulations, 397 So.2d 692 (Fla. 1981); *Ison v. Zimmerman*, 372 So.2d 431 (Fla. 1979); *State v. Williams*, 343 So.2d 35 (Fla. 1977). Given the United States Supreme Court's silence on the precise issue presented in this case and the United States Court of Appeals decision in *Interpart*, I would reverse the district court's decision and find section 559.94 valid and not preempted by federal patent law.

McDONALD, C.J., and OVERTON, J., Concur

(3)

No. 87-1346

SUPREME COURT, U.S.
FILED
JUL 13 1988
JOSEPH F. SPANIOL, JR.
CLERK

In The

Supreme Court of the United States

October Term, 1987

BONITO BOATS, INC.

Petitioner,

v.

THUNDER CRAFT BOATS, INC.

Respondent.

ON WRIT OF CERTIORARI TO THE SUPREME COURT OF THE STATE OF FLORIDA

BRIEF FOR THE PETITIONER

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QUESTION PRESENTED

Whether the Supreme Court of Florida, by a 4 to 3 vote, erroneously applied prior decisions of this Court in ruling unconstitutional a Florida statute that prohibits, as unfair competition, one method of copying unpatented articles, while leaving other methods of copying readily available.

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No. 87-1346

In The

Supreme Court of the United States

October Term, 1987

BONITO BOATS, INC.

Petitioner,

v.

THUNDER CRAFT BOATS, INC.,

Respondent.

ON WRIT OF CERTIORARI TO THE SUPREME COURT OF THE STATE OF FLORIDA

BRIEF FOR THE PETITIONER

OPINIONS BELOW

The opinion of the Supreme Court of Florida is reported at 515 So.2d 220 (Fla. 1987). The Florida Fifth District Court of Appeals' opinion affirming the dismissal of Petitioner's complaint is reported at 487 So.2d 395 (Fla. Dist. Ct. App. 1986). The Florida Circuit Court's order dismissing Petitioner's Complaint against Respondent on grounds of federal preemption by the patent laws of the United States is unreported and is included in the Joint Appendix ("J.A.") at 10.

JURISDICTION

The opinion of the Supreme Court of Florida was rendered on November 12, 1987. The jurisdiction of this Court is invoked under 28 U.S.C. § 1257(3).

STATUTES INVOLVED

1. United States Constitution, Art. I, § 8, cl. 8:

   The Congress shall have Power:

   To promote the Progress of Science and useful Arts, by securing for limited times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.

2. Florida Statutes, § 559.94 (1983):

§ 559.94 Duplication of vessel parts; action for injunctive relief against illegal duplication or against sale of illegally duplicated vessel parts.

(1) As used in this section, the term:

(a) "Direct molding process" means any direct molding process in which the original manufactured vessel hull or component part of a vessel is itself used as a plug for the making of the mold, which mold is then used to manufacture a duplicate item.

(b) "Mold" means a matrix or form in which a substance or material is shaped.

(c) "Plug" means a device or model used to make a mold for the purpose of exact duplication.

(2) It is unlawful for any person to use the direct molding process to duplicate for the purpose of sale any manufactured vessel hull or component part of a vessel made by another without the written permission of that other person.

(3) It is unlawful for any person to knowingly sell a vessel hull or component part of a vessel duplicated in violation of subsection (2).

(4) Any person who suffers injury or damage as the result of a violation of the provisions of this section may bring an action in circuit court for an injunction prohibiting such violations. In addition, such person shall be entitled to actual damages incurred as a result of such violation and to reasonable attorney's fees and costs.

(5) The provisions of this section apply only to vessel hulls or component parts of vessels duplicated through use of molds made on or after July 1, 1983.

STATEMENT OF CASE

(1) In 1976, Petitioner Bonito Boats, Inc. ("Bonito") designed an original hull for a fiberglass recreational boat that it would market under the trade name Bonito Boat Model 5VBR ("the hull") (Complaint at pp. 1-2, J.A. at 4-5). No part of Bonito's hull was patented. (Defendant's Motion to Dismiss at p.1, J.A. at 8). A broad interstate market developed for this product. (Complaint at p. 2, J.A. at 5) The hull was the result of a substantial investment of Bonito's time, money and effort. (Complaint at p. 2, J.A. at 5). First, a set of engineering drawings was prepared. Next, the engineering drawings were used to prepare full-size drawings from which a full-sized master hardwood hull mold was made. From this master mold, a fiberglass secondary mold was made that was used to produce the finished hulls for sale.

On or after July 1, 1983, Respondent Thunder Craft Boats, Inc. ("Thunder Craft") copied the hull for its own commercial use.[1] (Complaint at p. 2, J.A. at 5) To make this copy, Thunder Craft chose the one means prohibited as unfair competition by a Florida state statute – the direct molding method. (Complaint at p. 2, J.A. at 5). In this method, Bonito's original hull was used as the master mold from which a secondary mold was made. Liquid fiberglass was applied to the surface of Bonito's hull, which, when cured, created a secondary mold. From this secondary mold made from Bonito's hull, Thunder Craft produced hulls which it marketed as its own.[2] (Complaint at p. 2, J.A. at 5). Thunder Craft chose the one illegal means of copying, although many lawful means of copying were available.

The direct molding method allows a competitor to avoid substantial research and development costs. With the direct molding method, a party can wait for another manufacturer to spend all the time, effort, and cost of perfecting the original hull, use the direct molding method to quickly and cheaply make a secondary mold, and then have its own product to sell at a fraction of the original manufacturer's costs. Florida has prohibited the direct molding method of manufacture as an act of illegal

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[1] For purposes of this case, the Trial Court assumed as true that Thunder Craft used the direct molding method to duplicate Bonito's hull (Circuit Court Order at 1, J.A. at 10).

[2] The parties below assumed the descriptions of the boat manufacturing process and the details of the direct molding method in the briefs to be accurate. The direct molding method is defined by Florida Statute § 559.94(1)(a).

unfair competition. Fla. Stats. § 559.94 (1983) (hereinafter the "Florida Statute").[3]

(2) Bonito informed Thunder Craft that its copying violated the Florida Statute. Thunder Craft persisted. (Complaint at p. 2, J.A. at 5). Bonito sued alleging that Thunder Craft violated the Florida Statute. Thunder Craft moved to dismiss on the grounds that the Florida Statute was preempted by the patent laws, citing *Sears Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225 (1964) and *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234 (1964) (hereinafter "*Sears-Compco*"). (Defendant's Motion to Dismiss, J.A. at 8-9). The Circuit Court granted the motion. (J.A. at 10-13).

Bonito appealed. The Fifth District Court of Appeals, in a 2 to 1 decision, affirmed the holding that the Florida Statute was unconstitutional because of preemption by the patent laws. (J.A. at 14-18).

Bonito then appealed to the Supreme Court of Florida. The Florida Supreme Court in a 4 to 3 decision affirmed the District Court of Appeals. (J.A. at 30-39). The majority held that under *Sears-Compco* the state may not constitutionally prohibit a single, specified *method* of copying unpatented articles on unfair competition grounds even if other methods of copying are legal and available. Three Justices dissented on the ground that *Sears-Compco* were distinguishable because they concerned a state law that had the effect of *entirely* removing an unpatented article from the public domain; that is, the

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[3] Petitioner Bonito sued under the Florida Statute and did not plead any common law claim of unfair competition.

state law did not provide for *any* method of legally copying an unpatented article in the public domain. *Sears-Compco* considered a law which created an unconstitutional monopoly in unpatented articles.

The Florida Supreme Court expressly noted that its decision was in direct conflict with the Federal Circuit's decision in *Interpart Corp. v. Italia*, 777 F.2d 678 (Fed. Cir. 1985) (hereinafter "*Interpart*") and called *Interpart* a mere "misapplication" of *Sears-Compco*. (Florida Supreme Court opinion, J.A. at 35).

On February 8, 1988, Bonito filed a Petition for Certiorari with this Court. On May 16, 1988, this Court granted the Petition and ordered argument during the December session.[4]

SUMMARY OF ARGUMENT

The Florida legislature, along with those of eleven other states, has found that the direct molding method is contrary to the public interest and prohibited the use of that method as a form of unfair competition. The Court of Appeals for the Federal Circuit, the Court of Appeals with exclusive jurisdiction over cases arising under the federal patent laws, has found constitutional a California anti-direct molding statute nearly identical to Florida's. Here, however, the Florida Supreme Court, in a 4 to 3

[4] There is legislation to protect industrial designs presently pending in Congress. H.R. 1179, 100th Cong., 2d Sess. (1988).

vote, gave an overly expansive reading to this Court's findings in *Sears-Compco*, and struck down Florida's anti-direct molding statute as preempted by the federal patent laws, creating a direct conflict with the Federal Circuit.

Sears-Compco invalidated state laws which, under the guise of state unfair competition law, gave the equivalent of state patent protection, i.e., a monopoly for an unpatented article. However, this Court's opinions in the 20 years since *Sears-Compco* make abundantly clear that these cases do not stand for the proposition enunciated by the Florida Court that "either an article in the public domain is fully protected by patent or it may be copied in any manner." (Florida Supreme Court opinion, J.A. at 35). States retain the right to prohibit such forms of unfair competition as trade secret theft and industrial espionage. State enforcement of contractual restraints on the use of unpatented articles has been upheld by this Court.

Prior decisions of this Court set forth the proper method for determining whether a state statute is preempted by the federal patent laws where, as here, Congress has not expressly granted or denied authority to the states to act. The analysis first requires a comparison of the objectives of the state and federal laws to see if they are compatible. If they are compatible, the state statute will be constitutional unless it provides the equivalent of patent protection. Under this analysis the Florida statute is compatible with federal law and it does not provide the equivalent of patent protection.

Anti-direct molding laws do not "clash" with any objective of the patent laws. Like the patent laws, anti-direct molding laws encourage invention, disclosure, and

free competition but they serve entirely different purposes. The Federal Circuit clearly demonstrated in *Interpart* that these anti-direct molding statutes, unlike the patent laws, give no monopoly right to exclude others from making, using, or selling an unpatented article. They merely bar only *one* method of copying, *while permitting all other lawful methods of copying. The article itself remains in the public domain, thereby available to all to make, use or sell.*

ARGUMENT

I. The Florida Court Misread This Court's Decisions Following *Sears-Compco* and Unnecessarily Found Its Own State Statute Unconstitutional

The Florida Supreme Court in this case, over a dissent, held unconstitutional a *state* statute on ground that it is preempted by *federal* patent law. If allowed to stand, the Florida Supreme Court's decision would negate the statutes of Florida and eleven other states that prohibit one particularly threatening form of unfair competition – the direct molding method.[5] Using this predatory

[5] Besides Florida, the following states have passed these substantially similar anti-direct molding statutes: California, Cal. Bus. & Prof. Code § 17300 (West Supp. 1985); Indiana, Ind. Code Ann. § 24-4-8 (Burns 1987 Cum. Supp.); Kansas, Kan. Stat. Ann. § 50-802 (1987 Cum. Supp.); Louisiana, La. Rev. Stat. Ann. § 51:462.1 (West 1988 Cum. Supp.); Maryland, Md. Code Ann. § 11-1001 (1987 Cum. Supp.); Michigan, Mich. Comp. Laws Ann. § 445.621 *et seq.* (1988 Cum. Supp.); Mississippi, Miss. Code Ann. § 59-21-41 (1987 Cum. Supp.); Missouri, Mo.

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method, an unscrupulous manufacturer can, by molding fiberglass around a competitive product, make an exact duplicate of another's creative efforts and then manufacture copies at a fraction of the original cost. In effect the copier misappropriates the original manufacturers developmental effort and investment. The copier reaps where he has not sown.

In striking down Florida's anti-direct molding statute, the Florida Supreme Court made no attempt to analyze whether the purposes of the Florida law were compatible with the objectives of the patent law, as mandated by this Court. It made no attempt to analyze whether the type of protection afforded by the legislation was equivalent to that granted by the patent laws, as this Court has directed be done in evaluating an assertion of federal preemption based on the patent laws. *Kewanee Oil Co. v. Bicron Corp.*, 416 U.S. 470 (1974) (hereinafter "*Kewanee*"). Rather, the Florida Court brushed aside state unfair competition law as applied to unpatented articles by saying "[e]ither an article in the public domain is fully protected by patent or it may be copied in any manner." (Florida Supreme Court opinion, J.A. at 35). This strained reading of the limits of state authority rested on the premise that "[t]he United States Supreme Court has never ruled that the states may selectively enact barriers

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Ann. Stat. § 306.900 (Vernon 1988 Cum. Supp.); North Carolina, N.C. Gen. Stat. § 75A-27, *et seq.* (1983); Tennessee, Tenn. Code Ann. § 47-50-111 (1984), and Wisconsin, Wis. Stat. Ann. § 134.34 (West 1987 Cum. Supp.) These statutes are set forth in an Appendix to this brief.

against some methods of copying unpatented articles." (Florida Supreme Court opinion, J.A. at 35). However, the Florida Supreme Court failed to apply the other relevant decisions of this Court in reaching its decision.

Most strikingly, the Florida Supreme Court acknowledged that its interpretation of *federal* patent law was squarely at odds with the Federal Circuit's determination in *Interpart*, but dismissed *Interpart* as "a misapplication of the *Sears/Compco* doctrine." (Florida Supreme Court opinion, J.A. at 35). Far from being a "misapplication," *Interpart* sets forth the correct analysis for determining the constitutional validity of an anti-direct molding statute as articulated by this Court in its post-*Sears-Compco* cases. In *Interpart*, the Court of Appeals for the Federal Circuit found that California's anti-direct molding statute – one that is nearly identical to the Florida Statute – was not in conflict with and, thus, not preempted by the federal patent law.[6]

In *Interpart*, the Federal Circuit held that "[t]he California law does not 'clash' with the federal patent law; the two laws have different objectives." 777 F.2d at 685. The Federal Circuit noted that, "[i]t is clear from the face of the statute that it does not give the creator of the product the right to exclude others from making, using,

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[6] California's statute made it:

> unlawful for any person to duplicate for the purpose of sale any manufactured item made by another without the permission of that other person using the direct molding process. . . .
>
> Cal. Bus. & Prof. Code § 17300A (West Supp. 1985).

or selling the product as does the patent law." *Id.* at 684-85. Instead, the Federal Circuit found that:

> The statute prevents unscrupulous competitors from obtaining a product and using it as the "plug" for making a mold. *The statute does not prohibit copying the design of the product in any other way; the latter, if in the public domain, is free for anyone to make, use, or sell. Id.* at 685. (Emphasis added)

The opinion of the Federal Circuit is the same as that of twelve state legislatures: one who copies unpatented articles by the direct molding method commits unfair competition. Using the direct molding method as a short-cut, a party can, with minimal effort, piggyback on the product of another's investment of time and money and undermine the original manufacturer in the marketplace. States may prohibit such predatory trade practices so long as other means of copying are legally available, such as reverse engineering.

The holding in *Interpart* by the Federal Circuit is entitled to great weight. That court has exclusive federal appellate jurisdiction in cases arising under the patent laws. 28 U.S.C. § 1295. It therefore speaks with particular authority on the reach of the patent laws.[7]

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[7] Federal District Court decisions have been in accord with *Interpart*. In *Metro Kane Imports, Ltd. v. Rowoco, Inc.*, 618 F. Supp. 273, 277 (S.D.N.Y. 1985), the court accepted as *res judicata* a decision by the Superior Court of California enjoining the manufacture of a juicer made from a direct mold of a competitor's in violation of California's anti-direct molding statute. The court in *Metro Kane* found the evidence established independent violations of Tennessee's and Michigan's anti-direct

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The Florida Statute and the other eleven state statutes serve valid state purposes which are not in conflict with the patent laws, and indeed support and supplement the objectives of the federal patent laws. At the same time, they do not confer patent rights, do not exclude products from any market, do not create legal monopolies, and are readily distinguishable from the totally restrictive state statutes found wanting in *Sears-Compco*.

II. Protection Against Unfair Competition Is Traditionally Within States' Rights

This Court has repeatedly affirmed the states' traditional rights to legislate against unfair competition. The broad range of state authority has been recognized by this Court in *Kewanee*, 416 U.S. 470, 479 (1974):

> States may hold diverse viewpoints in protecting intellectual property relating to invention as they do in protecting the intellectual property relating to the subject matter of copyright. The only limitation on the States is that in regulating the area of patents and copyrights they do not conflict with the operation of the laws in this area passed by Congress. . . .

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molding laws. Similarly, in *Brahma, Inc. v. Joe Yeargain, Inc.*, 665 F. Supp. 1447 (N.D. Cal. 1987), a case involving molded camper shells for pick-up trucks, the court implicitly accepted the constitutionality of California's anti-direct molding statute in finding that a prima facie violation of that statute had been established.

In *Aronson v. Quick Point Pencil Co.*, 440 U.S. 257, 262 (1979) (hereinafter "*Aronson*"), this Court reaffirmed the exercise of states' rights in this area:

> State law is not displaced merely because the contract relates to intellectual property which may or may not be patentable; *the states are free to regulate the use of such intellectual property in any manner not inconsistent with federal law.* (Emphasis added).

Kewanee and *Aronson* establish that it is within states' rights to prohibit unfair competition, particularly in the areas of intellectual property, provided such legislation is not in conflict with the operation or objectives of the patent laws.[8]

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[8] This Court has long held that even patented articles are subject to a state's exercise of its internal police and commerce powers. *Patterson v. Kentucky*, 97 U.S. 501, 503 (1879) ("It is true that letters-patent, pursuing the words of the statute, do, in terms, grant to the inventor, his heirs and assigns, the exclusive right to make, use, and vend to others his invention or discovery, throughout the United States and the Territories thereof. But, obviously, this right is not granted or secured without reference to the general powers which the several States of the Union unquestionably possess over their purely domestic affairs, whether of internal commerce or of police."); *Webber v. Virginia*, 103 U.S. 344, 347-48 (1881) ("Congress never intended that the patent laws should displace the police powers of the States, meaning by that term those powers by which the health, good order, peace and general welfare of the community are promoted.")

III. This Court Has Upheld As Constitutional Many State Statutes Against Unfair Competition

The Florida Court ignored cases where this Court has upheld state laws regulating competition affecting unpatented articles against claims of preemption under the patent laws.

In *Kewanee*, this Court upheld a state trade secret law. In doing so, this Court recognized that a trade secret law would protect items which would not be patentable. 416 U.S. at 482. In considering whether the trade secret law was preempted by the patent laws, this Court compared the objectives of both laws. It concluded that abolishing trade secret laws would not further the objectives of patent law as "[n]othing in the patent law requires that States refrain from action to prevent industrial espionage." *Id.* at 487. This Court recognized that the states retain authority under the Constitution to encourage the creation of unpatented articles:

> Trade secret law will encourage invention in areas where patent law does not reach, and will prompt the independent innovator to proceed with the discovery and exploitation of his invention. Competition is fostered and the public is not deprived of the use of valuable, if not quite patentable, invention. *Id.* at 485. (Footnote omitted)[9]

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[9] Federal courts have long recognized the legitimacy of state protections conferred upon unpatentable items. In *A. O. Smith Corp. v. Petroleum Iron Works Co.*, 73 F.2d 531, 539 (6th Cir. 1934) *modified on other grounds*, 74 F.2d 934 (6th Cir. 1935), the court emphasized that, even though a discovery may not be patentable, that does not:

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While consistent with the objectives of the patent laws, trade secret laws do not confer the practical equivalent of patent rights, i.e., exclusion from the marketplace of independently developed products by means of a federally granted monopoly. *Exclusion from the market is the essential prerequisite to a valid patent preemption claim.* As this Court noted in *Kewanee*:

> Trade secret law provides far weaker protection in many respects than the patent law. While trade secret law does not forbid the discovery of the trade secret by fair and honest means, *e.g.*, independent creation or reverse engineering, patent law operates "against the world," forbidding any use of the invention for whatever purpose for a significant length of time. The holder of a trade secret also takes a substantial risk that the secret will be passed on to his competitors, by theft or by breach of a confidential relationship, in a manner not easily susceptible of discovery or proof. . . . Where patent law acts as a barrier, trade secret law functions relatively as a sieve. 416 U.S. at 489-90 (Footnote omitted)

The Florida anti-direct molding statute lacks the required element of exclusion.

Similarly, in *Aronson*, this Court enforced a royalty contract under state law for a product that later proved to be unpatentable. This Court noted that the policy underlying the state law was not inconsistent with the objectives of the patent laws:

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> [D]estroy the value of the discovery to one who makes it, or advantage the competitor who by unfair means, or as the beneficiary of a broken faith, obtains the desired knowledge without himself paying the price in labor, money, or machines expended by the discoverer.

> Enforcement of Quick Point's agreement with Mrs. Aronson is not inconsistent with any of [the objectives of the patent laws]. Permitting inventors to make enforceable agreements licensing the use of their inventions in return for royalties provides an additional incentive to invention. Similarly, encouraging Mrs. Aronson to make arrangements for the manufacture of her keyholder furthers the federal policy of disclosure of inventions; these simple devices display the novel idea which they embody wherever they are seen. 440 U.S. at 262-263.

Finally, *Goldstein v. California*, 412 U.S. 546 (1973) (hereinafter *"Goldstein"*), although decided under the copyright laws, is instructive in determining the interplay of the Constitution and traditional state's rights in regulating unfair competition. *Goldstein* upheld the constitutionality of California's record and tape piracy law against a claim of preemption.[10]

By adopting an overbroad reading of *Sears-Compco*, the Florida Supreme Court ignored the wide range of acceptable state action recognized by decisions of this Court following *Sears-Compco*.

IV. State Law Is Only Preempted When It "Clashes" With Federal Patent Law

In the absence of a clear Congressional grant or denial of state authority, it is only in the narrow instance when state law "stands as an obstacle to the accomplishment and execution of the full purposes and objectives of Congress" that state law will be found to be preempted.

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[10] Under the former 1909 Copyright Act, protection did not extend to recordings.

Hines v. Davidowitz, 312 U.S. 52, 67 (1941); *Capital Cities Cable, Inc. v. Crisp*, 467 U.S. 691, 699 (1984). A state unfair competition statute will withstand scrutiny under Art. I, § 8, cl. 8, of the United States Constitution so long as it does not "clash" with the objectives of the federal patent laws. There is a presumption that "Congress did not intend to displace State law." *Maryland v. Louisiana*, 451 U.S. 725, 746 (1981).

Kewanee sets forth the proper method of analyzing whether a state statute is preempted by the federal patent laws where, as here, there is no clear Congressional directive. The analysis requires a comparison of the objectives of the state statute with the objectives of the patent laws to see if they are compatible. If they are, the state statute will pass constitutional muster so long as it affords protections not inconsistent with those granted by the patent laws.

A. Anti-Direct Molding Statutes Do Not "Clash" With the Objectives of Federal Patent Statutes

States retain the authority under the Constitution to enact statutes that do not "clash" with but further the objectives of the patent laws.[11] The purposes of the patent laws were noted in *Aronson*, 440 U.S. at 262:

> First, patent law seeks to foster and reward invention; second, it promotes disclosure of inventions to

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[11] *Morseburg v. Balyon*, 621 F.2d 972, 978 (9th Cir.), *cert. denied*, 449 U.S. 983 (1980) ("The crucial inquiry is not whether state law reaches matters also subject to federal regulation, but whether the two laws function harmoniously rather than discordantly.")

stimulate further innovation and to permit the public to practice the invention once the patent expires; third, the stringent requirements for patent protection seek to assure that ideas in the public domain remain there for the free use of the public.

None of these objectives is in conflict with statutes prohibiting the direct molding method. *Nothing* in the patent laws states that unpatented articles must be free to be copied *in any manner whatsoever*, however unfair or predatory. If the patent laws stood for such a principle, state trade secret laws and state prohibitions against other forms of industrial espionage would also be preempted.

Nor do anti-direct molding laws discourage anyone from seeking patent protection for articles that qualify for such rights. Patent protection remains the sole means by which a manufacturer can exclude others from making, using, or selling an article.

While no purpose of the patent law is offended by anti-direct molding statutes, the main purposes of the patent law – fostering invention, fostering competition, and providing public disclosure – are furthered by such statutes. By assuring that a manufacturer will be able to prevent direct molding duplication, the manufacturer will be more willing to make the necessary investment in research and development. As a result, an environment for producing new inventions is created, more competitive designs will be produced, and these more competitive designs will be disclosed to the public. On the other hand – if a competitor is free to make direct molding duplicates – invention, competition, and public disclosure will be inhibited or suppressed.

As this Court noted in *Kewanee*, "[c]ertainly the patent policy of encouraging invention is not disturbed by the existence of another form of incentive to invention." 416 U.S. at 484. By encouraging invention in a manner which withdraws nothing from the public domain, anti-direct molding laws are in perfect harmony with the commitment of the patent laws to "promote invention while at the same time preserving free competition." *Sears*, 376 U.S. at 230-231. Free competition does not require that competitors have carte blanche to engage in any form of commercial activity. Thus, *Kewanee* recognized that trade secret laws ultimately fostered competition by encouraging "the independent innovator to proceed with the discovery and exploitation of his invention." 416 U.S. at 485. Similarly, *Aronson* recognized that competition in unpatented articles is promoted by state enforcement of contractual restraints on the use of such articles even after they enter the public domain. Just as competition is furthered by discouraging the theft of trade secrets and by enforcement of freely negotiated contracts, so it is encouraged by laws barring injurious shortcuts for appropriating a competitor's products through, for example, the direct molding method.

Thus, the objectives of the anti-direct molding statutes do not clash with the objectives of the patent law. Indeed, the objectives of the two statutes are completely compatible.

B. Anti-Direct Molding Statutes Do Not Confer the Practical Equivalent of Patent Protection

While consistent with the purposes of the patent laws, the direct molding statutes do not provide the

makers of unpatented articles with the practical equivalent of patent protection. The essence of patent protection is the "*right to exclude* others from making, using, or selling the invention throughout the United States. . . ." 35 U.S.C. § 154 (emphasis added).[12]

Anti-direct molding statutes do not give the original manufacturer any right whatsoever to exclude others from making, using, or selling an unpatented and copied product, as do the patent laws. They do not create monopolies or bar competitors from independent invention or from marketing identical copies, as do the patent laws. Anti-direct molding laws do not determine what product a competitor can make, but only the method by which he makes it.

Anti-direct molding statutes merely bar one unfair method of copying, while leaving many other legitimate and practical means of copying readily available to the

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[12] *See also Zenith Radio Corp. v. Hazeltine Research, Inc.*, 395 U.S. 100, 135 (1969) ("A patentee has the exclusive right to manufacture, use, and sell his invention. . . . The heart of his legal monopoly is the right to invoke the State's power to prevent others from utilizing his discovery without his consent."); *Patlex Corp. v. Mossinghoff*, 758 F.2d 594, 599 (Fed. Cir. 1985), *modified on other grounds*, 771 F.2d 480 (Fed. Cir. 1985) ("The basic right concomitant to the grant of a patent is the right of exclusivity founded in the Constitution."); *Smith International, Inc. v. Hughes Tool Co.*, 718 F.2d 1573, 1577 (Fed. Cir.), *cert. denied*, 464 U.S. 996 (1983). Patent protection extends "not only to copying the subject matter, which is forbidden under the Copyright Act. 17 U.S.C. § 1 *et seq.*, but also to independent creation." *Kewanee*, 416 U.S. at 478.

public. These include reverse engineering – reconstructing the design process using precise measurements – or working from technical drawings, photographs, or computer models to replicate a product. The Federal Circuit grounded its decision on this very important distinction in upholding the constitutionality of California's anti-direct molding statute in *Interpart*, 777 F.2d at 685:

> The statute *does not preclude* one from photographing, measuring, or in any way utilizing the concept of the design of the product. It *does not preclude* copying the product by hand, by using sophisticated machinery, or by any method other than the direct molding process. (Emphasis added).

That others may still obtain and copy a product through lawful means was an important factor noted by this Court in *Kewanee* in finding that Ohio's trade secret law was not preempted by the patent laws:

> A trade secret law, however, does not offer protection against discovery by fair and honest means, such as by independent invention, accidental disclosure, or by so-called reverse engineering, that is by starting with the known product and working backward to divine the process which aided in its development or manufacture. 416 U.S. at 476 (footnote omitted).

Similarly, this Court in *Goldstein*, a copyright case, in explaining why California's record and tape piracy statute was not barred by the principles of *Sears-Compco*, noted that the statute, while prohibiting one *method* of copying, did not prohibit other methods of copying:

> No restraint has been placed on the use of an idea or concept; rather, petitioners and other individuals remain free to record the same compositions in precisely the same manner and with the same personnel as appeared on the original recording. 412 U.S. at 571.

The patent laws do not require that the states permit unpatented articles to be copied by *all* possible methods, but *only that such articles remain in the public domain and that copying of such articles be feasible.* As the court stated in *Mine Safety Appliances Co. v. Electric Storage Battery Co.*, 405 F.2d 901, 902 n.2 (C.C.P.A. 1969):

> Patent laws function only to keep things *out* of the public domain temporarily. They have nothing to do with putting things *into it*. They say nothing about right to copy or right to use, they speak only in terms of right to exclude. (Emphasis changed).

A well respected treatise on the law of unfair competition concluded that:

> Patent and copyright policy do not require that copying be permitted under conditions which amount to unfair competition simply because the originator either failed to obtain, or was not entitled to, federal recognition. The Court's concern [in *Sears-Compco*] for the superiority of federal law *did not compel it to ignore state (and federal) policy against unfair competition. The two concepts are not mutually exclusive. They have coexisted quite harmoniously in the past and can continue to function in tandem in futuro.* L. Altman, *Callman on Unfair Competition, Trademarks and Monopolies*, § 15.07 at p. 33 (4th ed. 1984) (emphasis added).

Because of its certainty that an article in the public domain "may be copied in any manner," (Florida Supreme Court opinion, J.A. at 35), the Florida Court paid no attention to the fact that the protection afforded by the anti-direct molding laws is distinct from, but consistent with, that granted by the patent law. In disregarding this fact, the Florida Court did substantial violence to the longstanding principles of unfair competition law, states' rights, and the decisions of this Court.

C. Anti-Direct Molding Statutes Are Readily Distinguishable From Those Found Wanting in *Sears-Compco*

The Florida Statute is readily distinguishable from the Illinois law struck down in *Sears-Compco* which, under the guise of guarding against unfair competition, afforded the equivalent of patent protection *by prohibiting all methods of copying and thereby creating a state-approved monopoly*. It was the equivalent of a state patent law and was therefore unconstitutional. That is unquestionably not true here.

Sears held that state law may not provide a manufacturer of an unpatented product the right to exclude others from making, using or selling that product:[13]

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[13] In *Sears*, Stiffel began marketing a pole lamp. Soon after, Sears started selling a substantially identical pole lamp at a lower price. Stiffel sued Sears for patent infringement and unfair competition. The District Court found Stiffel's patent invalid but nonetheless found Sears in violation of Illinois unfair competition law merely because Sears was marketing an identical product. The Court of Appeals affirmed and held Sears liable for, in this Court's words, "doing no more than copying and marketing an unpatented article." 376 U.S. at 227 (Footnote omitted). The Court of Appeals' construction of Illinois unfair competition law, this Court held, offended the patent laws:

> [B]ecause of the federal patent laws a State may not, when the article is unpatented and uncopyrighted, prohibit the copying of the article itself or award damages for such copying. The judgment below did both and in so doing gave Stiffel the equivalent of a patent monopoly on its unpatented lamp. 376 U.S. at 232-233 (citation omitted).

An unpatentable article, like an article on which the patent has expired, is in the public domain and may be made and sold by whoever chooses to do so. What Sears did was to copy Stiffel's design and to sell lamps almost identical to those sold by Stiffel. This it had every right to do under the federal patent laws. That Stiffel originated the pole lamp and made it popular is immaterial. "Sharing in the goodwill of an article unprotected by patent or trade-mark is the exercise of a right possessed by all – and in the free exercise of which the consuming public is deeply interested." *Kellogg Co. v. National Biscuit Co. . . .*, 305 U.S., at 122. To allow a State by use of its law of unfair competition to prevent the copying of an article which represents too slight an advance to be patented would be to permit the State to block off from the public something which federal law has said belongs to the public. The result would be that while federal law grants only 14 or 17 years protection to genuine inventions, see 35 U.S.C. §§ 154, 173, States could allow perpetual protection to articles too lacking in novelty to merit any patent at all under federal constitutional standards. This would be too great an encroachment on the federal patent system to be tolerated. 376 U.S. at 231-232.

The Florida Statute does not exclude a competing product from the market and does not create a monopoly, but only prohibits one method of the product's manufacture. *The original product remains in the public domain, free for all to copy by readily available and legal means.*

The concern that state law not exclude others from copying and marketing an unpatented article was again

expressed in *Compco*, a companion case.[14] In overruling the lower courts, this Court held:

> [W]hen an article is unprotected by a patent or a copyright, state law may not forbid others to copy that article. To forbid copying would interfere with the federal policy, found in Art. 1, § 8, cl. 8, of the Constitution and in the implementing federal statutes, of allowing free access to copy whatever the federal patent and copyright laws leave in the public domain. Here Day-Brite's fixture has been held not to be entitled to a design or mechanical patent. Under the federal patent laws it is, therefore, in the public domain and can be copied in every detail by whoever pleases. 376 U.S. at 237-38.

Even though *Sears-Compco* involved state law which had the effect of creating a monopoly, the Florida Supreme Court found these cases controlling as to the constitutionality of the Florida Statute, although that statute permits anyone to copy, make, use or sell unpatented articles and only withdraws one *method of copying* from the universe of possible means of copying. The Florida Supreme Court read *Sears-Compco* as holding that "either an article in the public domain is fully protected or it may be copied *in any manner*," (Florida Supreme Court opinion, J.A. at 35) (emphasis added), regardless of the states' rights to regulate unfair competition.

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[14] Compco had copied Day-Brite's fluorescent lighting fixture. Day-Brite sued for patent infringement and unfair competition. The District Court, again applying Illinois law, found that the design patent was invalid but nonetheless found that Compco's marketing of a nearly identical lamp to Day-Brite's was enough to constitute unfair competition. The Court of Appeals affirmed.

However, nothing in *Sears-Compco* supports the expansive construction of these cases adopted by the Florida Court. The central reason the Illinois law was unconstitutional in *Sears-Compco* was that it created a monopoly, i.e. it was a vehicle for the *total exclusion* of copies of unpatented articles. *That is not true here. The Florida Supreme Court simply erred in ignoring this crucial distinction.*

Sears-Compco say only that an unpatented article may be copied "in every detail," 376 U.S. at 238. These cases did not hold that copying must be allowed *in any manner*. Justice Shaw, writing for the three dissenters in the Florida Supreme Court, noted this very important distinction:

> *Sears* and *Compco* each involved state unfair competition laws prohibiting the sale of identical copies of unpatented items. The state laws had the effect of removing the unpatented items from the public domain, thus conflicting with federal patent policy. In contrast, section 559.94, Florida Statutes (1983), does not prohibit the copying of an unpatented item. It prohibits *one method* of copying; *the item remains in the public domain*. (Florida Supreme Court opinion, J.A. at 37) (emphasis added).

While the Florida Supreme Court would apparently do away with unfair competition laws that apply to unpatented articles, *Sears-Compco* recognized that states could legislate against certain forms of unfair competition in the manufacture of unpatented articles:

> Doubtless a State may, in appropriate circumstances, require that goods, whether patented or unpatented, be labeled or that other precautionary steps be taken to prevent customers from being misled as to the source . . . . *Sears*, 376 U.S. at 232.

Justice Harlan, in a concurring opinion in both *Sears* and *Compco*, noted that those cases should not be read as curbing states' rights to regulate unfair or predatory trade practices. He foresaw cases such as *Kewanee, Aronson, Goldstein* and the instant case:

> If copying is found, other than by an inference arising from the mere act of copying, to have been undertaken with the dominant purpose and effect of palming off one's goods as those of another or of confusing customers as to the source of such goods, I see no reason why the State may not impose reasonable restrictions on the future "copying" itself. *Vindication of the paramount federal interest at stake does not require a State to tolerate such specifically oriented predatory business practices.* 376 U.S. at 239 (Emphasis added).

Justice Harlan's reasoning is equally valid as applied to the case at bar.

Through their anti-direct molding statutes, Florida and eleven other states have prohibited a form of unfair competition that discourages the creation and public disclosure of innovative, yet unpatentable, ideas and products. Their efforts are aimed merely at one predatory business practice. These statutes do not *exclude* the copying of unpatented articles. They leave anyone free to make, use, or sell their products through any of the many other legal means of copying. The Federal Circuit recognized that anti-direct molding laws are well within the traditional realm of states' rights articulated by this Court most recently in *Kewanee, Aronson,* and *Goldstein*.

A leading treatise on the law of unfair competition, while *criticizing the very decision by the Florida Supreme Court now before this Court for review*, argues that these

direct molding statutes should be treated like trade secret laws and not be preempted:

> The important difference between the federal patent laws and the state molding statutes, which was missed by both of the Florida court's opinions, but not by the Federal Circuit, is that the patent laws prevent competition in the patented invention altogether; whereas the molding statutes do not prevent anyone from competing in the manufacture and sale of any product, provided they go to the trouble and expense of creating their own tooling. In this respect the molding statutes are like the trade secret laws, which are not preempted . . . , because neither the molding statutes nor the trade secret laws dictate *what product* a competitor can make, but only *how* he can go about making it. L. Altman, *Callman on Unfair Competition, Trademarks and Monopolies*, § 15.10.50 at Cum. Supp. p. 137 (4th Ed. 1984) (emphasis in original).

Modern technology has made the direct molding process possible, and modern legislatures are prohibiting its unscrupulous use as unfair competition.

In its post-*Sears-Compco* decisions in *Kewanee*, *Aronson*, and *Goldstein*, this Court has sustained the states' right to legislate against unfair competition and concluded that the federal patent laws do not preempt such legislation. For the reasons articulated in these decisions, this Court should likewise conclude that the Florida state statute (a) is within that state's right to regulate unlawful conduct, (b) is not preempted by the federal patent laws, and (c) is clearly valid under Article 1, Section 8, clause 8 of the United States Constitution.

CONCLUSION

The decision of the Florida Supreme Court should be reversed and remanded for further proceedings.

Dated: July 14, 1988

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APPENDIX

1. *California Business & Professions Code* § 17300 (West Supp. 1985).

Unlawful acts; duplication for sale; sale

(a) It shall be unlawful for any person to duplicate for the purpose of sale any manufactured item made by another without the permission of that other person using the direct molding process described in subdivision (c).

(b) It shall be unlawful for any person to sell an item duplicated in violation of subdivision (a).

(c) The direct molding processes subject to this section is any direct molding process in which the original manufactured item was itself used as a plug for the making of the mold which is used to manufacture the duplicate item.

(d) This section applies only to items duplicated using a mold made on or after January 1, 1979.

2. *Indiana Code Annotated § 24-4-8* (Burns 1987 Cum. Supp.)

Unauthorized Copying of Molded Watercraft

24-4-8-1. *"Direct molding process" defined.* - As used in this chapter, "direct molding process" means any process by which a manufactured watercraft or its component part is used as a plug for the making of a mold from which a duplicate of the watercraft or component is made.

24-4-8-2. *"Mold" defined.* - As used in this chapter, "mold" means any pattern, hollow form, matrix, or other

device for giving shape or form to material in a plastic or molten state.

24-4-8-3. *"Plug" defined.* - As used in this chapter, "plug" means a manufactured item used to make a mold.

24-4-8-4. *"Watercraft" defined.* - As used in this chapter, "watercraft" means any instrumentality or device in or by means of which a person may be transported upon waters and includes a motorboat, sailboat, rowboat, skiff, dinghy, or canoe of whatever length or size.

24-4-8-5. *Manufacture and sale prohibited.* - (a) A person may not manufacture, by use of a direct molding process, a watercraft or its component part manufactured by another person without permission of that other person.

(b) A person may not sell a watercraft or its component part manufactured in violation of subsection (a).

24-4-8-6. *Civil remedy.* - (a) A person injured by a violation of section 5 [24-4-8-5] of this chapter may bring a civil action for:

(1) Injunctive relief;
(2) Actual damages caused by the violation;
(3) Treble damages; and
(4) Costs and reasonable attorney's fees.

(b) Injunctive relief may be granted for a violation of section 5 of this chapter regardless of the failure of the plaintiff to show irreparable injury.

24-4-8-7. *Applicability of chapter.* - This chapter applies to products duplicated using a mold after August 31, 1987.

3. *Kansas Statutes Annotated* § *50-802* (1987 Cum. Supp.)

50-802. *Boat manufacture by direct molding processes; prohibition; injunction; actual damages, attorney fees and costs.* (a) No person shall:

(1) Manufacture for sale any boat produced by use of a direct molding process, unless the person has first obtained the permission of the manufacturer of the original boat used as the pattern for the mold;

(2) knowingly sell any boat manufactured in violation of subsection (a)(l); or

(3) purchase any boat with intent to manufacture a reproduction of that boat in violation of subsection (a)(l).

(b) A person injured by a violation of subsection (a) may bring a civil action for injunctive relief, actual damages caused by the violation, reasonable attorney fees and costs of the action.

(c) As used in this section, "direct molding process" means any manufacturing process in which an original boat is used as a pattern for making a mold for use in manufacturing reproductions of that boat.

(d) This section shall not apply to any boat which is manufactured using a mold made before July 1, 1984.

4. *Louisiana Revised Statutes Annotated* § *51:462.1* (West 1988 Cum. Supp.)

§ 462.1. *Duplication and sale of items manufactured by direct molding process prohibited*

A. No person shall use the direct molding process to duplicate for the purpose of sale any manufactured vessel hull or component part of a vessel hull made by

another without the written permission of that other person.

B. No person shall knowingly sell a vessel hull or component part of a vessel hull duplicated in violation of Subsection A of this Section.

C. The provisions of this Section shall apply only to vessel hulls or component parts of vessel hulls duplicated using a mold made on or after the effective date of this Subpart.

5. *Maryland Code Annotated § 11-1001* (1987 Cum. Supp) § 11-1001. *Duplicating vessel hulls.*

(a) Definitions. - (1) In this section the following words have the meanings indicated.

(2) "Direct molding process" means any process by which a hull of a vessel or component of the hull of a vessel is used as a plug for the making of a mold from which a duplication of the hull or component of the hull is made.

(3) "Mold" means any pattern, hollow form, matrix, or other device for giving shape or form to material in a plastic or molten state.

(4) "Plug" means a manufactured item used to make a mold.

(5) (i) "Vessel" means every description of watercraft that is used or capable of being used as a means of transportation on water or ice.

(ii) "Vessel" includes:

1. An iceboat; and

2. The motor, spars, sails, and accessories of a vessel.

(iii) "Vessel" does not include a seaplane.

(b) Prohibited. - A person may not duplicate or misappropriate for commercial purposes by copying or using the direct molding process the design of a hull of a vessel or any component of the hull of a vessel manufactured by another person without the prior written consent of the other person.

(c) Selling vessels manufactured in violation of subsection (b). - If a person knew or should have known that a hull of a vessel or any component of the hull of a vessel was duplicated or misappropriated for commercial purposes in violation of subsection (b) of this section, the person may not sell in this State the vessel that was manufactured in violation of subsection (b) of this section.

(d) Persons injured by virtue of violation of subsection (b) or (c). - Any person who is injured in the person's business by virtue of any violation of subsection (b) or subsection (c) of this section:

(1) May sue and recover three times the amount of damages incurred by virtue of the violation, the costs of the suit, and reasonable attorney's fees; and

(2) May sue for injunctive relief and a court of competent jurisdiction may grant the injunctive relief regardless of whether the person proves irreparable injury because of the violation.

6. *Michigan Compiled Laws Annotated § 445.621 et seq.* (West 1988 Cum. Supp.)

Copies By Direct Molding Process

445.621. *Direct molding process*

Sec. 1. As used in this act, "direct molding process" means any manufacturing process in which an original product is used as a pattern for making a mold which mold is used to manufacture copies of that product.

445.622. *Manufacture or sale of products manufactured by another person*

Sec. 2. (1) A person shall not manufacture for the purpose of sale, by use of a direct molding process, a product manufactured by another person without the permission of that other person.

(2) A person shall not sell a product manufactured in violation of subsection (1).

• • •

445.623. *Injunction; attorney's fees; costs*

Sec. 3. A person injured by a violation of this act may bring a civil action for injunctive relief. In addition, an injured person is entitled to actual damages caused by the violation, reasonable attorney's fees, and costs.

445.624. *Application of act*

Sec. 4. This act shall not apply to a product which is manufactured using a mold made before January 1, 1983.

7. *Mississippi Code Annotated* § 59-21-41 (1987 Cum. Supp.)

§ 59-21-41. *Duplication of boat hulls and parts by direct molding process.*

(1) As used in this section:

(a) "Direct molding process" means any process in which the original manufactured boat hull or component part of a boat is itself used as a plug for the making of the mold, which is then used to manufacture a duplicate item.

(b) "Mold" means a matrix or form in which a substance or material is shaped.

(c) "Plug" means a device or model used to make a mold for the purpose of exact duplication.

(2) It is unlawful for any person to use the direct molding process to duplicate for the purpose of sale any manufactured boat hull or component part of a boat made by another without the written permission of that other person.

(3) The provisions of this section shall apply only to boat hulls or component parts of boats duplicated using a mold made on or after the effective date of this section.

(4) Any person who suffers injury or damage as the result of a violation of the provisions of this section may bring an action in the chancery court for an injunction prohibiting such violations. In addition, such person shall be entitled to actual damages incurred as a result of such violation, reasonable attorney's fees, and costs.

8. *Missouri Annotated Statutes* § 306.900 (Vernon 1988 Cum. Supp.)

306.900. *Direct molding process - use of to duplicate hulls prohibited, when - damages and injunctive relief when*

1. As used in this section, the following terms mean:

(1) *"Direct molding process"*, any direct molding process in which the original manufactured vessel hull or component part of a vessel is itself used as a plug for the making of the mold, which is then used to manufacture a duplicate item;

(2) *"Mold"*, a matrix or form in which a substance or material is shaped;

(3) *"Person"*, any individual, partnership, corporation, firm or association;

(4) *"Plug"*, a device or model used to make a mold for the purpose of exact duplication.

2. (1) No person shall use the direct molding process to duplicate for the purpose of sale any manufactured vessel hull or component part of a vessel made by another person without the written permission of that other person.

(2) No person shall knowingly sell a vessel hull or component part of a vessel duplicated in violation of subdivision (1) of this subsection.

3. (1) Any person injured in his business by virtue of any violation of subsection 2 may sue and shall recover threefold the damages incurred by virtue of such violation and the costs of suit and reasonable attorney's fees.

(2) Any person injured in his business by virtue of any violation of subsection 2 may sue for injunctive relief and injunctive relief may be granted regardless of the failure of the plaintiff to show irreparable injury.

9. *North Carolina General Statutes Annotated § 75A-27 et seq.* (1985)

Boat Hull Anti-Copying Act

§ 75A-27. *Short title.*

This Article shall be known as the Boat Hull Anti-Copying Act.

* * *

§ 75A-28. *Definitions.*

As used in this Article, unless the context requires a different meaning:

(1) "Direct molding process" means any process by which a boat hull or component is used as a plug for the making of a mold from which a duplicate of the boat hull or component is made.

(2) "Mold" means any pattern, hollow form, matrix or other device for giving shape or form to material in a plastic or molten state for the making of a boat hull or component.

(3) "Plug" means a boat hull or component used to make a mold.

§ 75A-29. *Unfair competition.*

It is an act of unfair competition as defined in G.S. 75-1.1(a), if within 10 years of the first production of a boat hull or component, to misappropriate the design of a boat hull or component for commercial purposes in making a boat hull or component by copying by use of the direct molding process without the owner's prior written consent.

§ 75A-30. *Prohibited activities.*

The following are prohibited:

(1) Any activities violating G.S. 75A-29.

(2) Sale in this State of a boat hull that was made with knowledge that the boat was produced in violation of that section.

§ 75A-31. *Remedies.*

(a) Any person injured in his business by virtue of any violation of G.S. 75A-30 may sue and may recover the actual damages suffered by virtue of the violation, the costs of suit, and reasonable attorney's fees.

(b) Any person injured in his business by virtue of any violation of G.S. 75A-30 may sue for injunctive relief and injunctive relief may be granted regardless of the failure of the plaintiff to show irreparable injury.

10. *Tennessee Code Annotated § 47-50-111* (1984)

47-50-111. *Direct molding - Unlawful duplication of goods.* - (a) It shall be unlawful for any person to duplicate for the purpose of sale any manufactured item made by another without the permission of that other person using the direct molding process described in subsection (c).

(b) It shall be unlawful for any person to sell an item duplicated in violation of subsection (a).

(c) The direct molding processes subject to this section is any direct molding process in which the original manufactured item was itself used as a plug for the making of the mold which is used to manufacture the duplicate item.

(d) Any person injured by a violation of the provisions of this section may bring an action in a court of competent jurisdiction for an injunction prohibiting such violations. In addition, the injured person shall be entitled to actual damages incurred as a result of such violations, reasonable attorney's fees, and costs.

(e) The provisions of this section shall apply only to items duplicated using a mold made on or after July 1, 1983.

11. *Wisconsin Statutes Annotated § 134.34* (West 1987 Cum. Supp.)

134.34. *Duplication of vessel hulls and parts*

(1) In this section:

(a) "Direct molding process" means any direct molding process in which the original manufactured vessel hull or component part of a vessel is itself used as a plug for the making of the mold, which is then used to manufacture a duplicate item.

(b) "Mold" means a matrix or form in which a substance or material is shaped.

(c) "Plug" means a device or model used to make a mold for the purpose of exact duplication.

(2) No person may use the direct molding process to duplicate for the purpose of a sale a manufactured vessel hull or component part of a vessel made by another person without the written permission of that other person.

(3) No person may knowingly sell a vessel hull or component part of a vessel duplicated in violation of sub. (2).

(4) This section applies only to vessel hulls or component parts of vessels duplicated using a mold made after June 30, 1983.

(5) A person who suffers injury or damage as the result of a violation of this section may bring an action in circuit court for an injunction prohibiting the violation. In addition, the person shall be entitled to actual damages incurred as a result of the violation, reasonable attorney fees and costs, notwithstanding s. 814.04(1).

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In The

Supreme Court of the United States

October Term, 1987

BONITO BOATS, INC.

Petitioner,

v.

THUNDER CRAFT BOATS, INC.

Respondent.

ON WRIT OF CERTIORARI TO THE SUPREME COURT OF THE STATE OF FLORIDA

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INTRODUCTION

Federal patent law and state unfair competition law developed together as two means for encouraging a richer, fairer marketplace. For over a century, this Court has recognized that both laws can function in harmony. This is true even when a state statute results in a restraint on a patented article.

Substantial precedent exists for upholding state police power bans and restrictions on both patented and unpatented articles and processes. Of course, the states may not encroach on rights constitutionally granted to the federal government. Hence, state laws that conferred patent-like rights for an unpatented article – the plenary right to exclude others from making, using or selling the article – were found unconstitutional in *Sears Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225 (1964) and *Compco Corp. v. Day Brite Lighting, Inc.*, 376 U.S. 234 (1964) ("*Sears-Compco*"). But so long as a state statute does not "clash" with the objectives of the patent laws or confer the equivalent of patent rights, it is constitutional. Under the test set forth in *Kewanee Oil Corp. v. Bicron Corp.*, 416 U.S. 470 (1974) ("*Kewanee*"), this Court must make this determination by comparing the objectives and effects of the state law and the federal patent law.

Florida, like eleven other states, has determined that direct molding of vessel parts constitutes a threat to fair competition in a vital state industry and has prohibited the practice. As Thunder Craft correctly notes, the effect of the law is to prohibit use of the direct molding process in manufacturing that one class of article. But such a restraint does not offend the objectives and effects of the

patent laws. Numerous other lawful means of copying remain available for vessel parts and the unpatented vessel parts themselves remain in the public domain. Indeed, anti-direct molding laws do not offend the spirit of *Sears-Compco* – and this is one reason why twelve states have found such legislation to be within traditional state authority (Pet. App. 1-12) and why the Federal Circuit has held that such a statute is constitutional.

I. Florida's Anti-Direct Molding Statute Represents a Valid Exercise of State Police Power.

In passing its law, the Florida legislature was acting within the realm of traditional state authority to regulate unfair competition recognized as constitutional by this Court. The Florida legislature saw the law as necessary to curb a threat to the survival of its recreational boating industry.

A State Senator explained the purpose of and need for the law:

> This bill addresses two problems . . . Two, deals with hull duplication . . . [F]or instance Macko [a Florida manufacturer] would design an energy efficient hull, and would spend several months or years in research and its design, but once they market that boat anybody can pull it down to one of these industrial sections where they have a little shop and what they refer to in boat manufacturing as splashing, duplicate that hull and start manufacturing that same hull. So, first of all, there is no inducement for that quality boat manufacturer to improve these designs and secondly, if he does, it is immediately copied. This would prevent that and allow him recourse in circuit court. (J.A. at 21-22).

II. Exercises of State Police Power Have Coexisted in Harmony With the Patent Law

That similar goals underlie both state regulation of unfair trade practices and federal intellectual property law is one reason this Court has repeatedly held that such state law can exist in harmony with federal patent law. *See, e.g., Kewanee,* and *Aronson v. Quick Point Pencil Co.,* 440 U.S. 257, 262 (1979) (*"Aronson"*).

Thunder Craft correctly notes that the Florida legislature determined that the use of the direct molding process, as applied to vessel parts, is a form of unfair competition and prohibited only that process for commercially reproducing such parts. (Resp. Br. at 15) Moreover, Thunder Craft correctly notes that the Florida statute allows the original manufacturer a "narrow" right to limit competitiors from using that one process for copying its boat hulls for commercial use. (Id.) From there, however, Thunder Craft falters on the fallacious assumption that any state restriction of the use or sale of an unpatented process necessarily offends the federal patent laws.

A. This Court has held that states may prohibit the use, manufacture and sale of patented articles and processes

Over a century ago, in *Patterson v. Kentucky,* 97 U.S. 501 (1879), this Court considered the validity of a Kentucky statute imposing a penalty upon any one selling or offering for sale oils which would burn below 130° F. Patterson was fined for selling oil which failed the standard, but for which she held a patent. Patterson disputed the validity of the statute as interfering with her patent rights. In upholding the state law, this Court held:

> We are of opinion that the right conferred upon the patentee and his assigns to use and vend the corporeal thing or article, brought into existence by the application of the patented discovery, must be exercised in subordination to the police regulations which the State established by the statute of 1874. It is not to be supposed that Congress intended to authorize or regulate the sale, within a State, of tangible personal property which that State declares to be unfit and unsafe for use, and by statute has prohibited from being sold or offered for sale within its limits. *Id.* at 505.

The statute did not infringe patent rights, this Court held, because:

> [The right which the patents] primarily secure is the exclusive right in the discovery. . . . [B]ut the use of the tangible property which comes into existence by the application of the discovery is not beyond the control of State legislation, simply because the patentee acquires a monopoly in his discovery. *Id.* at 506-507.

To illustrate, this Court quoted approvingly from the Court of Appeals and Errors of Delaware in *Vanini v. Paine*, 1 Harr. 65 (Del. 1833):

> It therefore cannot be admitted that the plaintiffs have a right to use an invention for drawing lotteries in this State, merely because they have a patent for it under the United States. A person might with as much propriety claim a right to commit murder with an instrument, because he held a patent for it as a new and useful invention. *Id.* at 508.

Again, in *Webber v. Virginia*, 103 U.S. 344 (1881), this Court, in holding that patents do not exclude the tangible property in which the invention is embodied from the tax or license laws of a state, said:

> And the right conferred by the patent laws of the United States to inventors to sell their inventions and discoveries does not take the tangible property, in which the invention or discovery may be exhibited or carried into effect, from the operation of the tax and license laws of the State. *Id.* at 347.

The *Webber* Court provided additional illustration of the extent of state authority to regulate patented articles:

> The patent for a dynamite powder does not prevent the State from prescribing the conditions of manufacture, storage, and sale, so as to protect the community from the danger of explosion. A patent for the manufacture and sale of a deadly poison does not lessen the right of the State to control its handling and use. The legislation respecting the articles which the State may adopt after the patents have expired, it may equally adopt during their continuance. It is only the right to the invention or discovery – the incorporeal right – which the State cannot interfere with. Congress never intended that the patent laws should displace the police powers of the States, meaning by that term those powers by which the health, good order, peace, and general welfare of the community are promoted. Whatever rights are secured to inventors must be enjoyed in subordination to this general authority of the State over all property within its limits. *Id.* at 347-48.

Numerous other cases have reaffirmed the principles of *Patterson* and *Webber*.[1]

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[1] *See Carbice Corp. v. American Patents Development Corp.*, 283 U.S. 27, 32-33 n. 3 (1931) ("Nor does the grant of a United States patent exempt the patented product from the limitations imposed by state police statutes"); *Pierce Oil Corp. v. City of*

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The essence of patent protection is the *"right to exclude others* from making, using or selling the invention . . . " 35 U.S.C. § 154 (emphasis added). *The patent laws do not give one an affirmative right to practice his invention or sell articles produced according to the patent. See, e.g., Patterson v. Kentucky*, 97 U.S. at 506-507. Thus, radar detectors, fireworks, and slot machines are all articles which may be the subject of patent. Nonetheless, state and local governmental bans on the use or sale of these articles do not offend the Constitution, even where such bans entirely withdraw the patented article from the public domain. *See, e.g., Electrolert Corp. v. Barry*, 737 F.2d 110 (D.C. Cir. 1984) (upholding ban on radar detectors); *Consigned Sales Company v. Sanders*, 543 F. Supp. 230 (W.D. Okla. 1982) (upholding ban on fireworks). Local building, electrical and fire codes routinely restrict the use of patentable articles such as plastic pipes, formaldehyde insulation, or asbestos fireproofing. Other patentable articles which are the subject of state regulation include firearms, ammunition, alchoholic beverages, medical devices, and animal traps – and the list can go on *ad infinitum*. Clearly, patented articles are not immunized from the exercise of state police powers.

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Hope, 248 U.S. 498, 499 (1919); *Ozan Lumber v. Union County Bank*, 207 U.S. 251 (1907); *Allen v. Riley*, 203 U.S. 347, 355 (1906); *John Woods & Sons v. Carl*, 203 U.S. 358, 359 (1906); *see also Decker v. Federal Trade Commission*, 176 F.2d 461, 464 (D.C. Cir.), *cert. denied*, 338 U.S. 878 (1949). *Cf. Standard Sanitary Manufacturing Co. v. United States*, 226 U.S. 20, 49 (1912) (patent-holder) is subject to federal antitrust laws because "[r]ights conferred by patent are indeed very definite and extensive, but they do not give any more than other rights an universal license against positive prohibitions.")

B. This Court has held that states may prohibit the use, manufacture, and sale of unpatented articles and processes

Just as a state may prohibit the use and sale of articles that are protected by a patent, so it may restrict the use and sale of articles or processes that do not qualify for a patent.

Thus, this Court has upheld trade secrecy laws that protect unpatented articles and processes as compatible with federal patent law. *Kewanee*. In *E. I. Du Pont de Nemours & Co. v. Christopher*, 431 F.2d 1012 (5th Cir. 1970), *cert. denied*, 400 U.S. 1024 (1971), the Fifth Circuit upheld the application of the Texas trade secrecy law against a party that discovered his competitor's secret processes through the use of aerial photography. The court stated that "[t]o obtain knowledge of a process without spending the time and money to discover it independently is *improper* unless the holder voluntarily discloses it or fails to take reasonable precautions to ensure its secrecy." *Id.* at 1015-16 (emphasis in original).

Anti-direct molding laws are less restrictive of public access to unpatented articles and processes than are trade secrecy laws. The distinction offered by Thunder Craft that trade secrecy laws pass constitutional muster only because they apply to matter not already in the public domain misreads *Kewanee* and is logically untenable. As a key purpose of the patent laws is to encourage the disclosure of information to the public, a law that assists in keeping processes from the public *in perpetuity* would seem to contravene patent policy more than the Florida anti-direct molding law which merely restricts the use of

only one process in the commercial manufacture of only one type of article.

Moreover, this Court has upheld state restrictions on the use of creations unprotected by federal law even after they have passed into the public domain. Thus, a contractual restraint on the use of an unpatented keyholder was held constitutional in *Aronson*, even after the keyholder had passed into the public domain. 440 U.S. at 263.[2]

Clearly, unpatented articles are not immunized from the exercise of state police power.

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[2] Similarly, under the former Copyright Act, record piracy statutes were upheld in *Goldstein v. California*, 412 U.S. 546 (1973) (*"Goldstein"*) even as to performances which had been made public. Again, in *Grove Press Inc. v. Collectors Publication, Inc.*, 264 F. Supp. 603 (C.D. Cal. 1967), the court applied California's unfair competition statute against the appropriation of a literary work in the public domain through the use of an offset lithography process which involved photographing the pages of plaintiff's uncopyrightable book and using the photographs in compiling defendant's book. The court explained:

> Defendants first edition is more than mere copying of Plaintiff's work, the Grove edition. In view of Plaintiff's expenditure of substantial sums in setting type and engraving plates, it would constitute unfair competition for Defendants to appropriate the value and benefit of such expenditure to themselves by photographing and reproducing Plaintiff's book through the offset-lithography process, thereby cutting their own costs and obtaining an unfair competitive advantage. *Id.* at 606-607.

III. State Law is Only Preempted When It "Clashes" with Federal Patent Law

There is a presumption the "Congress did not intend to displace state law." *Maryland v. Louisiana*, 451 U.S. 725, 746 (1981). Congress has not stated, as Thunder Craft asserts without citation to authority, that states may not in any manner regulate the use or sale of unpatented articles and processes. If such were the case, there could be no state law of unfair competition. Second, as discussed *supra* at pages 3 to 8, states may restrict or ban the public's access to specific articles or processes when these are deemed injurious to competition or the public good. Instead, what the Constitution requires is that states, under the guise of their unfair competition laws, cannot pass legislation that "clashes" with the objectives and effects of the federal patent laws. *See Capital Cities Cable, Inc. v. Crisp*, 467 U.S. 691, 699 (1984).

A. Anti-direct molding statutes do no "clash" with the objectives and effects of federal patent statutes

By restricting a practice that places original manufacturers at a disadvantage against their commercial competitors and thus defeats the incentive to create new products, anti-direct molding laws, like the patent laws, foster creation. In addition, unlike the patent laws, but consistent with their objectives, anti-direct molding laws also ensure that competition in articles once placed in the public domain remains fair. *Nothing in the patent statutes or case law states that unpatented articles must be free to be copied in any manner whatsoever.*

Anti-direct molding laws do not discourage anyone from seeking patent protection for articles that qualify for such rights. The only way for a manufacturer of vessel parts to secure the right to exclude others from making, using or selling such parts is through a patent. Thunder Craft tries to obfuscate this fact by arguing that anti-direct molding laws accord patent protection by granting original manufacturers exclusive rights to use the direct molding process with regard to their vessel parts. However, under Florida's law, the direct molding process may even be used for copying vessel parts when copies are produced for research, testing or personal use rather than for sale.

Nor does the fact that an unfair competition law bars a practice *in perpetuity* offend the patent laws. As this Court noted in upholding the record piracy law in *Goldstein*, "Although the protection afforded to each master recording is substantial, lasting for an unlimited time, the scope of the proscribed activities is narrow. No limitation is placed on the use of the music, lyrics, or arrangement employed in making the master recording." 412 U.S. at 550. Similarly, here, only the direct molding process for copying vessel parts is barred for an unlimited time. Numerous other lawful means of copying the vessel parts remain freely available.

Thunder Craft misstates federal law by claiming, without citation to case law or statute, that Congress has dictated that the "best mode" of copying an unpatented article remain beyond state regulation. Thunder Craft's argument is based on the *non sequitur* that because patent law requires a disclosure of the inventor's best mode of

practicing the invention *as a condition for receiving a patent*, the law requires that states not ban the best mode of making an unpatented article or using an unpatented process. However, the patent laws only require that an inventor disclose "the best mode comtemplated by *the inventor* of carrying out *his invention*," as a *quid pro quo* for obtaining the extensive parcel of rights concomitant to a patent – the right to exclude others from making, using or selling *his invention*. 35 U.S.C. § 112.

Section 112 is merely a disclosure provision. With an unpatented article or process the state – here Florida – is not granting the manufacturer any of the extensive rights enjoyed by a patent holder. *Most importantly, neither statutory nor case law requires that once a process is disclosed to the public it may not be regulated by the state. Nothing for example, prevents a state from barring the practice in its jurisdiction of the "best mode" for manufacturing fireworks or the "best mode" for distilling liquor.*

Thunder Craft admits that certain practices may be "commercially reprehensible" such as passing off, breach of contract, or unprivileged imitation of nonfunctional trade dress product configuration which has acquired a secondary meaning. (Resp. Br. at 22). Thus, Thunder Craft recognizes that these practices are the subject of legitimate state regulation even though they may lead to "manufacturing efficiencies and lower prices." (*Id.* at 18) For instance, the least expensive and most efficient way to produce a cola competitive with Coca-Cola might well be to steal the secret formula or bribe someone to reveal it. Apart from its desire to substitute its judgment for that of the Florida legislature, then, Thunder Craft cannot explain why the direct molding process cannot similarly

be deemed to be "commercially reprehensible conduct," as Florida did in passing its anti-direct molding statute.

B. Anti-direct molding statutes do not confer the practical equivalent of patent protection

Florida's anti-direct-molding statute does not confer the equivalent of patent rights. Thunder Craft states that "[p]rior to enactment of the Florida Statute, a competitior lawfully acquiring access to unpatented boat could lawfully copy it in every detail." (Resp. Br. at 16). *This remains true after the passage of the Florida anti-direct molding law.* Manufactures gain no right to exclude others from making, using or selling vessel parts. The unpatented vessel parts remain in the public domain, free for all to copy by numerous legal means, such as reverse engineering.[3] The withdrawal of one method of copying only one class of unpatented article that the legislature has determined to be a threat to competition in an important industry offers manufacturers what Thunder Craft admits is merely a "narrow" right (*Id.* at 15) and does not result in the total exclusion of an unpatented process or article from the public domain, as did the statutes found wanting in *Sears-Compco*.

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[3] Thunder Craft erroneously claims that the direct molding process is a form of reverse engineering (Resp. Br. at 20) but direct molding does not involve those processes identified by this Court in defining reverse engineering in *Kewanee*, "that is, by starting with a known product and working backward to divine the process which aided in its developement or manufacture." 416 U.S. at 476.

C. Anti-direct molding statutes are readily distinguishable from those found wanting in *Sears-Compco*

Anti-direct molding laws are narrow in scope and do not conflict with the purposes of the patent law or confer the equivalent of patent protection, as did the state law in *Sears-Compco*. This is why the Federal Circuit found constitutional a statute nearly identical to Florida's in *Interpart v. Italia*, 777 F.2d 678, 684-86 (Fed. Cir. 1985).[4] *See also Gladstone v. Hillel*, 203 Cal. App. 3d 977, 250 Cal. Rptr. 372 (1st Dist. 1988) (citing *Interpart* with approval).

IV. Anti-Direct Molding Statutes are not Preempted by the Copyright Act

The Amicus Brief of the Certified Automobile Parts Association ("CAPA") argues at length that the design of a boat hull is "sculptural work" under 17 U.S.C. § 102 of the Federal Copyright Act and thus is preempted "subject matter of copyright" under 17 U.S.C. § 301. CAPA's argument is based on a misconstruction of the Florida statute, and a misinterpretation of the provisions of the copyright law.[5]

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[4] Thunder Craft's effort to ascribe significance to the phrase "absent an existing patent right" ignores that text of *Interpart*. That phrase followed the Federal Circuit's lengthy explanation of why the California plug molding statute did not give the creator of the product patent rights and why the state law did not clash with federal patent law. The reference in question, if intended to have any meaning, clearly referred to facts not at issue with the California's plug molding statute and not present here.

[5] The question of whether the Florida statute is preempted by the Federal Copyright Act is not properly before this Court.

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First, the preemption Section 301 of the Federal Copyright Act does not apply because the Florida anti-direct molding statute prohibits only the use of a single unfair manufacturing *process*. Specifically, the Copyright Act's preemption provision, Section 301, is expressly limited to works which "come within the subject matter of copyright as specified by sections 102 and 103 . . . " A process, however, is specifically *excluded* by Section 102(b).[6] Therefore, for this most fundamental reason, which is wholly ignored by CAPA, the Florida anti-direct molding statute is not preempted by Section 301.

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Supreme Court Rule 21.1(a) provides, in part: "Only questions set forth in the petition or fairly included therein will be considered by the Court." The Petition here only raises the question of preemption under Patent Law. Further, no Florida Court considered the effect of the Copyright Act on the statute in question. This Court has indicated that it "ordinarily will not decide questions not raised or litigated in the lower courts," *City of Springfield v. Kibbe*, 480 U.S. 257, 107 S.Ct. 1114, 1115 (1987), especially when determining the constitutionality of a state statute because "in a federal system it is important that state courts be given the first opportunity to consider the applicability of state statutes in light of constitutional challenge, since the statutes may be construed in a way which saves their constitutionality." *Cardinale v. Louisiana*, 394 U.S. 437, 439 (1969). However, Bonito addresses the issue of preemption by the Copyright Act in the event that this Court determines this issue to be "fairly included" for its consideration.

[6] "In no case does copyright protection from the original work of authorship extend to any idea, procedure, *process*, system, method of operation, concept, principle, or discovery, regardless of the form in which it is described, explained, illustrated, or embodied in such work." 17 U.S.C. § 102(b) (emphasis added).

Second, the preemption Section 301 also does not apply because vessel hulls and component parts are not within the "subject matter of copyright" under Section 102. The premise of CAPA's argument – that vessel hulls and component parts are "sculptural works" and therefore "subject matter of copyright" to which Section 301 applies – is contrary to the clear language of Sections 101 and 102 of the Copyright Act. Section 102 extends copyright protection, *inter alia*, to "pictorial, graphic, and sculptural works". 17 U.S.C. § 102(5). Section 101 defines "pictorial, graphic and sculptural works" and states, *inter alia*:

> *[T]he design of a useful article, as defined in this section, shall be considered a pictorial, graphic, or sculptural work only if, and only to the extent that, such design incorporates pictorial, graphic, or sculptural features that can be identified separately from, and are capable of existing independently of, the utilitarian aspects of the article.* (Emphasis added) 17 U.S.C. § 101.[7]

Vessel hulls and component parts are clearly "useful articles" as defined in Section 101. Accordingly, under the Copyright Act, vessel hulls are "pictorial graphic and sculptural works", and thus are the "subject matter of copyright" preempted by Section 301, only if and to the extent that the aesthetic features can be identified

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[7] "Useful article" is separately defined in Section 101 as "an article having an intrinsic utilitarian function that is not merely to portray the appearance of the article or to convey information. An article that is normally a part of a useful article is considered a 'useful article'." 17 U.S.C. § 101.

separately from, and are capable of existing independently of, the utilitarian aspects of the article.[8]

The legislative history makes clear that the intent of Congress was to exclude from the "subject matter of copyright" designs of industrial products, such as vessel hulls having both separate and independent aesthetic features:

> *[A]lthough the shape of an industrial product may be aesthetically satisfying and valuable, the Committee's intention is not to offer it copyright protection under the bill. Unless the shape of an automobile, airplane, ladies' dress, food processor, television set, or any other industrial product contains some element that, physically or conceptually, can be identified as separable from the utilitarian aspects of that article, the design would not be copyrighted under the bill.* The test of separability and independence from "the utilitarian aspects of the article" does not depend upon the nature of the design – that is, even if the appearance of an article is determined by aesthetic (as opposed to functional) considerations, only elements, if any, which can be identified separately from the useful article as such are copyrightable. And, even if the three-dimensional design contains some such element (for example, a carving on the back of a chair or a floral relief design on silver flatware), copyright protection would extend only to that element, and *would not cover the*

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[8] CAPA argues that whether the aesthetic features of a vessel hull can be "identified separately from . . ." is merely a condition of registration and not a requirement for a "subject matter of copyright" under Section 102 and 301. As demonstrated above, this argument simply has no basis in the statute, and CAPA cites no case law holding otherwise. Indeed there

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> *over-all configuration of the utilitarian article as such.* (Emphasis added) H. Rep. No. 1476 on Senate Bill No. 22, 94th Cong., 2d Sess. 55 (1976).

The shape of a vessel hull is clearly of the same character as that of an automobile or airplane and, thus is not within the "subject matter of copyright" defined by Sections 101 and 102, and preempted under Section 301.[9]

CAPA's reliance on pictures of nineteenth century sailing ships with figureheads, Viking ships, etc., for the apparent purpose of creating an issue as to whether component parts of vessels may be subject to copyright protection, is unconvincing. The present case solely concerns the hull design of a recreational boat. There is no evidence that anyone has ever sought to employ the anti-direct molding statute to limit plug molding of a figurehead for a ship, that any court of Florida has ever interpreted the statute to include such articles, or that a

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are numerous cases to the contrary. *See, e.g., Fabrica, Inc. v. El Dorado Corp.*, 697 F.2d 890 (9th Cir. 1983); *Carol Barnhart, Inc. v. Economy Cover Corp.*, 773 F.2d 411 (2nd Cir. 1985) and *Williams Electronics, Inc. v. Bally Manufacturing Corp.*, 568 F. Supp. 1274 (N.D.Ill. 1983).

[9] The conclusion that vessel hulls are not "subject matter of copyright" is further compelled by the fact that the original Senate bill included a section specifically providing protection for industrial designs, such as vessel hulls. S. Rep. No. 473, 94th Cong., 1st Sess. 161-162 (1975). This section, however, was rejected by the House of Representatives which opposed extension of copyright protection to industrial designs, H. Rep. No. 1476, *supra* at 82, and the Senate accepted deletion of that section. Conf. Rep. No. 1733, 94th Cong., 2d Sess. 82 (1976).

Florida court would construe the Florida statute in a manner inconsistent with the copyright laws. In any event, these references are *dehors* the record before this Court, and for that additional reason should not be considered.

Third, the preemption Section 301 does not apply because the anti-direct molding statute does not create a right "equivalent to any of the exclusive rights . . . specified by Section 106" of the Copyright Act. 17 U.S.C. § 301(a). Section 301(b) provides that:

> Nothing in this title annuls or limits any rights or remedies under the common law or statutes of any State with respect to–
>
> . . .
>
> (3) activities violating legal or equitable rights that are not equivalent to any of the exclusive rights within the general scope of copyright as specified by section 106.

Accordingly, to assess the preemptive effect of Section 301, a comparison is required between the *exclusive* rights granted in Section 106 of the Copyright Act and the right granted under the anti-direct molding statute. In pertinent part, Section 106 grants the copyright owner the *exclusive* right, i.e., to the exclusion of others, to reproduce, distribute and display the copyrighted work, 17 U.S.C. § 106(1), (3), and (5).

By contrast the anti-direct molding statute creates no such *exclusive* rights. As previously stated, the anti-direct molding statute prohibits only a single limited method of duplication, leaving available all other conceivable means for reproducing vessel hulls and component parts. In addition, the right provided by the anti-direct molding

statute is not exclusive in the original manufacturer or owner. Any person who suffers injury or damage may bring an action under the statute. This may include, for example, a purchaser or distributor, in addition to the original manufacturer. *See Gladstone v. Hillel*, 203 Cal. App. 3d 977, 250 Cal. Rptr. 372 (1st Dist. 1988).

Accordingly, the rights created by the statute cannot rationally be considered equivalent to the exclusive rights in copyrights works granted in Section 106 and, thus, are not subject preemption under Section 301(b)(3) of the Copyright Act.

CONCLUSION

The decision of the Florida Supreme Court should be reversed and this case remanded for further proceedings.

Dated: October 28, 1988

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No. 87-1346

IN THE

Supreme Court of the United States

OCTOBER TERM, 1988

BONITO BOATS, INC.,
Petitioner,

v.

THUNDER CRAFT BOATS, INC.,
Respondent.

On Writ of Certiorari to the Supreme Court of the State of Florida

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QUESTION PRESENTED

Does Article I, § 8, cl. 8 of the Constitution preclude grant by the states of private monopolies that engross information in the public domain?

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IN THE

Supreme Court of the United States

OCTOBER TERM, 1988

No. 87-1346

BONITO BOATS, INC.,

Petitioner,

v.

THUNDER CRAFT BOATS, INC.,

Respondent.

On Writ of Certiorari to the Supreme Court of the State of Florida

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BRIEF AMICUS CURIAE OF XENETICS BIOMEDICAL, INC.

This brief is filed pursuant to written consent of all the parties. Copies of the consent letters are concurrently being lodged with the Clerk.

INTEREST OF THE AMICUS CURIAE

Xenetics Biomedical, Inc., is a small, relatively new company engaged in the commercialization of biomedical products and devices. Xenetics Biomedical, Inc., like other companies similarly situated, depends for its survival upon an informed administration of the patent system. Some of its products are the subject of pending patent applications. Key to its continuing viability, however, is the progress indigenous to the unfettered free exercise of the skill of their calling by the scientists upon whom it depends.

Xenetics Biomedical, Inc. is therefore fundamentally interested in the disposition of this case and, in particular, in a ruling making it very clear that unpatentable subject matter belongs to the public.

STATEMENT OF THE CASE

Bonito Boats, Inc. (Bonito) designed a boat hull. "No part of Bonito's hull was patented." (Pet. Br. 3). It was sold in a "broad interstate market". Bonito's hull design is in the public domain.

"Direct molding" is a "process".[1] It is a patentable *kind* of subject matter. 35 U.S.C. § 101.[2] It is not patentable, however, because it is not *novel*. 35 U.S.C. § 102.[3] It is public property.

Under the Florida anti-direct molding statute:

> (2) It is unlawful for any person to use the direct molding process to duplicate for purposes of sale any manufactured vessel hull or component part of a vessel without prior written permission of that other person.

Sale of a hull duplicated in violation of Section (2) is unlawful under Section (3). Violators are subject to damages, attorneys' fees, and injunctive relief under Section (4).

The statute takes away from the public the right to use its direct molding process to duplicate the boat hull designs that are public property. It vests that right exclusively in boat hull manufacturers.

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[1] It is a sequence of method steps.

[2] 35 U.S.C. § 101 states:

> Whoever invents or discovers any new and useful *process*, machine, *manufacture*, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor subject to the conditions and requirements of this title. [Emphasis added.]

[3] Section 101, however, is a general statement of the type of subject matter that is eligible for patent protection "subject to the conditions and requirements of this title." Specific conditions for patentability follow and § 102 covers in detail the conditions relating to novelty.

Diamond v. Diehr, 450 U.S. 175, 189, 67 L.Ed.2d 155, 167 (1981) (footnote omitted).

The Florida Supreme Court properly held the statute "to be unconstitutional" because

> Article I, section 7 of the United States Constitution empowered Congress to establish laws with respect to inventions and the states are precluded from second-guessing these laws by placing unauthorized restrictions upon their implementation.

Bonito Boats Inc. v. Thunder Craft Boats Inc., 5 USPQ2d 1124, 1126 (Fla. 1987).

SUMMARY OF ARGUMENT

1. Under the mandatory "*standard* expressed in the Constitution" the patent system "must 'promote the Progress of . . . useful Arts' ".[4] It is "the duty of the . . . courts . . . to give effect to the constitutional standard . . ." *id.* In the discharge of that duty, *Graham* refused "to find in § 103 a relaxed standard" and held instead that the statute "comports with the constitutional strictures" only if its "emphasis on nonobviousness is one of inquiry, not quality . . . *id.* at 17.

These constitutional imperatives require judicial rejection of statutory private monopolies that engross what is publicly known or subsumed by ordinary skill.

Such private monopolies are unconstitutional

—under the patent clause because they impede "Progress";

—under the constraints imposed on the patent clause by the fifth and fourteenth amendments which deny Congress the power to authorize patents that compromise the public's right to the free exercise of ordinary skills.

These imperatives instructed the decision in *Sears Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225 (1964) and *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234

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[4] *Graham v. John Deere Co.*, 383 U.S. 1, 6 (1966) (emphasis by the Court).

(1964). The same imperatives invalidate the Florida anti-direct molding statute.

2. In general, those who contend otherwise, including the Petitioner and its amici, have ignored or failed to appreciate the need to read the patent clause with the balance of the Constitution or have overlooked significant aspects of relevant European and American history.

In Renaissance Europe and Elizabethan England patents were exclusive licenses from a sovereign permitting their recipients to practice a particular art in derogation of existing guild monopoly prerogatives over all arts and crafts.

When the Constitution was adopted monopolies were much in disrepute as infringements upon universal personal rights. English monopolies had accelerated and perhaps precipitated the establishment of the union of American states.

The American experiment provided the first political milieu in which every citizen was afforded *in practice* a right, tantamount to a property right, to exploit his own talents and skills in pursuit of a trade free of guild fetters or similar restraints. Indiscriminate grant of private patent monopolies clashed with this universal personal right of every citizen in the same way that it earlier conflicted with guild prerogatives.

To preserve this universal right, the patent clause and the commerce clause have separate status in Article I. These separate clauses, and the guarantees of individual liberties in the fifth and fourteenth amendments are rationalized and harmonized only if the "qualified authority" [5] of the patent clause is exercised not only to permit patents for advances that exceed ordinary skill *but also* to secure to the public the Progress spawned by free access to what is known and by the free exercise of ordinary skill.

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[5] *Graham*, 383 U.S. at 5.

3. Like *Sears and Compco*, this case is charged with "unfair competition" and colored by perjorative characterization of the respondent for doing only what it had a constitutional right to do.

These perceived inequities do not authorize the grant of constitutionally prohibited private monopolies. Other provisions of the Constitution authorize federal or state subsidies of research and development.[6] These provisions, when construed to give effect to the limited patent power, do not authorize patents that engross information in the public domain.

4. In 1965-6 various patent bar and commercial amici in *Graham* argued that an "increased standard" for patentability had been "applied by the Court" and should be relaxed. The argument was rejected with the admonition that "the standard has remained invariable in this Court." *Graham*, 383 U.S. at 19.

Now, almost a quarter century later, Petitioner's various patent bar and commercial amici urge in this case that the court has consistently moved away from the 1964 decisions in *Sears* and *Compco*—and that it should continue in the same direction by reversing the Florida court.

As was the case in 1965-6, these urgings are misdirected. The *Sears/Compco* doctrine "has remained invariable in this Court". *Graham*, 383 U.S. at 19.

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[6] Ample constitutional power for Government funding of research and development can be found in art. I, § 8, cl. 1 (provide for the common Defense and general Welfare), cl. 3 (Commerce), cl. 12 (Army), cl. 13 (Navy) and cl. 18 (necessary and proper clause). It is also settled that art. I, § 8 authorizes Congress to spend money to promote the "general welfare," and that the definition of the general welfare and decisions concerning how to promote it are within the discretion of Congress. *Helvering v. Davis*, 301 U.S. 619, 640 (1937); *Buckley v. Valeo*, 424 U.S. 1, 90-91 (1976). Government support for research and development is well within this discretionary power.

Constant v. Advanced Micro-Devices, Inc., et al., 7 USPQ2d 1057, 1059 (Fed. Cir. 1988).

The contrary view of Petitioner and its amici is bottomed primarily on *Goldstein v. California*, 412 U.S. 546 (1973); *Kewanee Oil Company v. Bicron Corporation*, 416 U.S. 470 (1974); and *Aronson v. Quickpoint Pencil Company*, 440 U.S. 257 (1979), none of which support it.

5. The Federal Circuit decision in *Interpart Corp. v. Italia*, 777 F.2d 678 (1988) is indeed "a misapplication of the *Sears/Compco* doctrine" and for the reasons set forth by the Florida Supreme Court majority.

Actually, the *Interpart* opinion is destroyed by its own recognition that a state statute creating a private right to exclude would "clash" with federal patent law.

Seemingly overlooked by the Federal Circuit is the fact that the California statute—like the Florida statute in this case—gives producers of a "manufactured item" (in Florida, a boat hull) which is in the public domain the *right to exclude* others from duplicating such items by use of information also in the public domain—the direct molding *process*.

Of much greater significance is the historical fact that *Interpart* is just one of a series of opinions rejecting federal patent doctrine as enunciated here, rendered first by the Court of Customs and Patent Appeals (CCPA) and then by the Federal Circuit. This campaign to rewrite the patent law by judicial fiat began at least as early as 1966. Its most recent implementation may be found in the June 3, 1988 opinion in *Diamond Scientific Co. v. Ambico Inc.*, 6 USPQ2d 2028 (Fed. Cir. 1988) which attacks the repudiation by this Court of patent licensee and assignor estoppel. *See*, e.g., *Lear, Inc. v. Adkins*, 395 U.S. 653 (1969), *Scott Paper Co. v. Marcalus Mfg. Co.*, 326 U.S. 249 (1945).

ARGUMENT

The Florida statute vests in manufacturers the exclusive right to use, for reproduction of hull designs that are not patentable, an old direct molding process which, but for the statute, would be in the public domain. The clash with federal patent policy is manifest. The Florida court could be summarily affirmed on this ground alone.

Summary disposition seems improvident in circumstances which exist here. The constitutional imperative which insures that all subject matter not of patentable quality remain free—albeit enforced in *Sears* and *Compco* —has not been definitively explicated by this Court. The need for such explication is underlined by the fact that Florida is but one of eleven states to adopt essentially the same invalid statute.

Of greater importance, the Federal Circuit has misconceived or declined to apply the constitutional principle which invalidates such statutes and guarantees that the Progress inevitably consequent from the exercise of ordinary skill shall remain unfettered. This misconception needs correction now for it is binding on the Patent Commissioner and on all of the federal district courts.

I. Constitutional Imperatives

1. The "patent system . . . by constitutional command must 'promote the Progress of . . . useful Arts.'" Two imperatives underpin this "command".[7]

The first imperative is that patents must be granted only for advances that exceed the ordinary skill in the art at the time. The second imperative is that advances of lesser quality are and must remain public property. Faithful discharge of "the duty . . . of the courts in the

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[7] *Graham v. John Deere Co.*, 383 U.S. 1, 6 (1966); *Anderson's-Black Rock v. Pavement Salvage Company*, 396 U.S. 57, 61 (1969). See also *Sakraida v. Ag Pro, Inc.*, 425 U.S. 273 (1976) (It has long been clear that the Constitution requires that there be some "invention" to be entitled to patent protection.) *Dann v. Johnston*, 425 U.S. 219 (1976).

administration of the patent system to give effect to the constitutional standard . . ." 383 U.S. at 6, requires an even-handed application of *both* imperatives.

The second imperative was dispositive in *Sears*[8] and *Compco*[9] as it is in this case. In the discharge of the duty to enforce that imperative this Court invoked

> the federal policy, found in Art. I, § 8, cl. 8 of the Constitution and in the implementing federal statutes, of allowing free access to copy whatever the federal patent and copyright laws leave in the public domain. Here, *Day-Brite's* fixture has been held not entitled to a design or mechanical patent. Under the federal patent laws it is, therefore, in the public domain and can be copied in every detail by whoever pleases.

Compco, 376 U.S. at 237-238.

The lessons of history that prompted the framing of the Constitution define this federal policy and render its application mandatory in the administration of the patent system.

Those who contend otherwise, including the Petitioner and its amici, have ignored or failed to appreciate the need to read the patent clause with the balance of the Constitution or have overlooked significant aspects of relevant European and American history.

(i) European Antecedents

The limitations which constrain the patent power have their antecedents in Renaissance Europe and Elizabethan England.

Originally, patents were special exclusive licenses from a sovereign permitting recipients to practice a particular art in derogation of existing guild monopoly prerogatives over all arts and crafts.

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[8] *Sears Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225 (1964).

[9] *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234 (1964).

Patents were granted randomly and individually rather than pursuant to an established administrative or statutory scheme.[10] The system of granting exclusive rights to individuals, whether for an invention *per se* or the importation of a new product,[11] seems to have been used in medieval times as an inducement to foreign craftsmen to settle in a particular country and teach new technology to its subjects. Absent such an inducement, foreign craftsmen would have been precluded by existing local guild monopolies from practicing any aspects of their arts in a new country.[12]

The guild monopolies were of ancient origin, having evolved from the third century, when Roman emperors utilized the sale of monopoly concessions in industry and trade as revenue-raising measures.[13] By the Middle Ages

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[10] There is some evidence of the existence of a Venetian patent law in the early part of the fifteenth century that was specifically directed toward inventions in the field of machines and processes for speeding up and improving silk making. *See* Prager, *The Early Growth and Influence of Intellectual Property*, 34 J. Pat. Off. Soc'y 106, 130-31 (1952). The City-State of Venice certainly pioneered in the establishment of a formal patent system as evidenced by the statute adopted in 1474. *See* note 16 *infra* and accompanying text.

[11] For many years, the word "invention" embraced importations. *See* discussion in note 16 *infra*. For clarity it is utilized herein in its modern sense to refer only to original creations.

[12] For example, in the thirteenth century Edward III encouraged such new industries as the manufacture of worsted cloth from wool by granting a patent to Flemish immigrants. As late as the time of Elizabeth I, foreign workmen experienced in various aspects of the art of glassmaking were granted patents as an inducement to relocate in England and teach these arts to English subjects. "We want to abrogate those arbitrary institutions which . . . retard the progress of arts, by multiple difficulties put in the way of an inventor; those guilds that dispute his right to use a discovery never made by themselves . . . ." Prager, *A History of Intellectual Property from 1545 to 1787*, 26 J. Pat. Off. Soc'y 711, 714 (1944).

[13] Monopoly practices of the Roman emperors in the third and fourth centuries resulted in such heavy oppression of the common people, and in such internal agitation and strife, that Zeno, Emperor of the Eastern Roman Empire, in 483 outlawed some existing

these guilds had complete economic control of every aspect of commerce and the arts. They strictly regulated every aspect of price, cost, and manufacture, as well as worker education and security, enforcing their broad subject matter monopolies rigorously within their geographic ambits by such methods as arbitrary search of nonmembers' premises and preemptory confiscation of unauthorized goods. The guilds were, in general, not interested in promoting technological progress either through introduction of new inventions or otherwise. The impetus within the guilds was instead for economic stabilization and stagnation, *inter alia*, by suppression and restraint of inventions that infringed or might infringe upon guild monopolies.[14]

As originally conceived, patents for both inventions and importations had a triple purpose: First, to encourage new manufacturers in the realm, thereby promoting commerce; second, to educate the interested people of the

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and all future monopoly awards. V. Mund, Monopoly—A History and Theory 6-7 (1932).

The Roman law, however, permitted many established commercial monopolies to subsist throughout, and these monopolies in the form of guilds survived the fall of Rome—perhaps because of their relative stability in the chaotic political situation that followed. Mund points out that during the Middle Ages, up to at least the twelfth century, the term "monopoly" was not applied to the guilds or the equally monopolistic agricultural manors even though it certainly fit both. *Id.* at 8-10.

[14] Like all generalities this one had its exceptions, many of which are pointed out in books by Bugbee and Fox. *See* B. Bugbee, Genesis of American Patent and Copyright Law 12-48 (1967); H. Fox, Monopolies and Patents (1947). It is a matter of historical record, however, that the guilds often brought to bear very heavy pressures to restrain technological progress. For example, reference is made by Federico to the refusal in England during the reign of Elizabeth I of a patent on a stocking knitting machine, characterized as "one of the most original and striking inventions of the age," because of guild objections that many would be forced out of work if the machine were put into use. Federico, *Origin & Early History of Patents*, 11 J. Pat Off. Soc'y 292, 298 (1927). *See also* H. Fox, *supra* at 74.

realm in new technology, thereby raising the level of their ordinary skill and promoting further inventions; and third, to afford inventors a right, otherwise belonging only to the guilds, to profit by commercial practice of their inventions. The guilds, as repositories of and autocrats over technology reflecting the prevailing level of ordinary skill in the art, particularly opposed the grant of individual monopolies—"patents"—either for new inventions or newly imported manufactures, where the effect of such grants would be to inhibit guild members in the exercise of the skills of which they were already in possession.[15]

The formal patent statute adopted by the Venetian Republic in 1474 was consistent with these principles. While explicitly recognizing the need to encourage the work of "men of great genius apt to invent and discover ingenious devices," the statute carefully preserved the rights of the guilds and minimized the invasion of their prerogatives by requiring that the exclusive patent right be limited to a term of ten years and be awarded only for "any new *and ingenious* devise . . . not previously made in our Commonwealth . . . reduced to perfection so that it can be used and operated." [16] The statute thus reflects

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[15] Sir Edward Coke defined monopoly as

> an institution or allowance by the King, by his grant, commission, or otherwise, to any person or otherwise, to any person or persons, bodies politic or corporate; of or for the sole buying, selling, making, working or using anything; whereby any person or persons, bodies politic or corporate, are sought to be restrained of any freedom or liberty that they had before, or hindered in their lawful trade.

3 E. Coke, *Institutes of the Laws of England*, ch. 85, at 181 (1797); 3 *Id.* ch. 75, at 181 (1669).

[16] For a reproduction of the *full* text of this Venetian statute see B. Bugbee, supra, note 14, at 22-23. Bugbee acknowledges in a footnote the existence of a different translation of the same statute. *See* M. Frumkin, *The Early History of Patents For Invention* 27 (1947-48). The critical wording of the original Italian "nuovo et ingegnoso artificio" is also reproduced in Prager, *The Early Growth*

the recognition in Venetian society of a need to balance the guilds' interest in protecting the members' continued right to the full exercise of ordinary judgment and skill in the art with the realm's desire to encourage commercial progress. The Venetians struck the balance by rewarding *only* inventions exhibiting ingenuity *above* the level of ordinary skill in the art. Three centuries later the Constitution struck the same balance.

The English patent system, which evolved concurrently with that of Venice, was parallel in many respects to the Venetian system, even though not governed by any formal statutory or administrative practice until much later. Patents came into particular prominence during the reign of Elizabeth I, who utilized them not only as a tool for promoting commercial and intellectual progress, but also as an instrument of royal favor—a circumstance that led to numerous abuses because of indiscriminate awards of monopolies in common commodities ranging from such relative frivolities as playing cards to such necessities as

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and Influence of Intellectual Property, 34 J. Pat. Off. Soc'y 106, 139 (1952).

As of 1474 there was no effective way in which new technology could be communicated to the public other than to put the article or process into practical use in commercial channels. The art of printing was then in its earliest infancy, and published material was expensive and scarce.

The connection between the unavailability of publication disclosing new technology up to the eighteenth century, or even later, and the early practice in England and on the Continent of classifying importers as "inventors" was recognized by Prager. Prager, *Standards of Patentable Inventions from 1474 to 1952*, 20 U. Chi. L. Rev. 69 (1952); Prager, *A History of Intellectual Property from 1545 to 1787*, 26 J. Pat. Off. Soc'y 711 (1944). He emphasized: "That early English practice identified importers with inventors does not show any lack of interest in the merits of the items invented or imported. It only shows that, before the advent of technical instruction in print, disclosure of new technology required actual commercial introduction and use." Prager, *Standards of Patentable Invention From 1474 to 1952*, 20 U. Chi. L. Rev. 69, 71 (1952).

salt.[17] The *validity* of patents in this period, however, was within the province of the English courts. These courts applied criteria essentially the same as those mandated by the Venetian statute of 1474 and those now demanded by our Constitution.

Thus history records that prior to the 1624 Statute of Monopolies, English courts regularly invalidated patents granted for subject matter that was admittedly novel, but well within the prevailing level of ordinary skill of the art. In one such case, *Matthey's Patent*, a patent granted in 1571 for a particular type knife handle, was challenged by the cutler's guild on the ground that "they did use to make knives before, though not such hafts, that such a light difference or invention should be no cause to restrain them. . . ." [18] The challenge resulted in a decision that Matthey "could never have benefit of his patent although he labored very greatly therein." Another such case, *Hasting Patent*, involved a patent for a certain kind of cloth granted in 1569, but refused enforcement against a guild which demonstrated that its members had, prior to the patent, made cloth "very like to" (albeit not the same as) that covered by the patent.[19] Still another case, *Bircot's Patent*, involved a patent apparently granted prior to 1600 [20] for a new method of smelting. Concluding that the subject matter disclosed "was but to put a new button on an old coat, and it is

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[17] *See* H. Fox, *supra* note 14.

[18] Quoted in Prager, *Standards of Patentable Inventions From 1474 to 1952*, 20 U. Chi. L. Rev. 69, 71. The same patent case is also mentioned by Federico, but the inventor "Matthey" is referred to as "Richard Matthew." Federico, *supra* note 14, at 297.

[19] *See* Prager, *Standards of Patentable Inventions from 1474 to 1952*, 20 U. Chi. L. Rev. 69, 72 (1952). *See also* Hulme, *The History of the Patent System under the Prerogative and at Common Law*, 12 Law Q. Rev. 141, 149-50 (1896).

[20] Prager indicates that this case was reported in the *Institutes* of Sir Edward Coke, first published shortly after 1600. Prager *Standards of Patentable Inventions from 1474 to 1952*, 20 U. Chi. L. Rev. 69, 72 (1952).

much easier to add than to invent," [21] the court declared the patent invalid.

These early English cases are particularly significant in at least two respects. First, the apparently spontaneous selection of a standard of invention above the ordinary level of skill in the art, independently of the same selection in Venice, is persuasive evidence of *English courts' recognition that society could not function satisfactorily if patents were allowed to interfere with the normal exercise by the guilds of ordinary skill in their respective arts.* Second, the essentiality of this requirement to the proper functioning of society is emphasized by the fact that these cases were decided prior to the enactment of the Statute of Monopolies in 1624, and hence at a time when the right of the Crown to grant patents arbitrarily and even capriciously enjoyed full sway.[22]

After the adoption of the Statute of Monopolies, the English courts continued to require inventive merit as a prerequisite to the enforcement of patents. In particular, the principle of *Bircot's Patent*—"it is much easier to

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[21] *Id. quoting* 1 Web. Pat. Cas, 31 n.(p) (1844).

[22] The abuses of the patent power by the Crown prior to the Statute of Monopolies are well known and have been extensively documented by many writers. *See, e.g.*, B. Bugbee, *supra* note 14; H. Fox, *supra* note 14. It is important to recognize that the Statute curbed only some monopolies. It left intact not only patents for inventions (including importations), but also "patents," charters, and franchises previously granted that conveyed exclusive trading and manufacturing privileges to guilds, corporations and similar groups. The monopolies abolished by the statute, though constituting the ones at that time most bitterly resented by the common people, constituted a relatively narrow class of "patents" granted to royal favorites on old commodities such as salt and playing cards. *See* text accompanying notes 17-18 *supra*.

The statutory abolition of the Crown's power to grant arbitrary "patent" monopolies was initially more formal than real. The actual grant of such odious monopolies by the Crown continued for about fifty years after 1624.

add than to invent"—was strictly observed by the English courts for many years.[23]

(ii) American Colonial Antecedents

The colonization of America was initiated almost contemporaneously with the 1624 Statute of Monopolies, at a time when economic regimentation in England was at an exceptionally high level.[24]

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[23] According to Prager, this was the position of the English courts up to the 1776 case of *Morris v. Bransom*, in which a more lenient view of "inventive merit" was adopted. Prager, *Standards of Patentable Inventions from 1474 to 1952*, 20 U. Chi. L. Rev. 69, 72 (1952). The first Supreme Court patent case, *Evans v. Eaton*, 16 U.S. (3 Wheat.) 454 (1818), established that, while improvement patents could be given effect in this country, it was incumbent on their inventors to clearly delineate the extent of the improvement and distinguish it from the thing improved. *See also Evans v. Eaton*, 20 U.S. (7 Wheat.) 356 (1822); *Evans v. Hettich*, 20 U.S. (7 Wheat.) 453 (1822).

The failure of the English system to examine for "inventive merit" prior to the grant of a patent persisted from before the time of Elizabeth I to 1949 when a statute—the Patents and Design Act, § 14(a) (1949)—was adopted, which required the British Patent Office and, implicitly, its adjunct appellate courts, to deal with questions of invention raised by third parties in opposition to the grant of a patent. *See generally* P., Meinhardt, Inventions Patent and Monopoly 45 (1946).

[24] V. Mund, *supra*, note 13, at 23:

> The economic system of restriction and regulation reached its peak in England during the seventeenth century. Most of the old restraints persisted and with the growth of trade many new ones developed. The corporate towns and guilds continued to restrict the admission of new members and became, in the words of a contemporary writer, "oppressive oligarchies, excluding or discouraging the English subjects from trading in our greatest and best situated towns where the markets are." Merchants began to join their stocks of goods, and to share the profits and losses, instead of trading individually. Such companies were known as joint stock companies and received exclusive charters from the king. Further restrictions on trade were imposed by an extensive system of custom duties and by the Navigation Acts of 1651 and 1660. The Navigation Acts obliged English subjects to use English

The settlers who emigrated from England and Continental European [25] countries to the American colonies—although of widely diverse economic, social, and political background—had each in their own separate ways experienced the prevailing economic system of monopolies. Notwithstanding their diverse interests, these settlers were preponderantly united in the desire for greater individual freedom and less regimentation, and in a willingness to forego personal comforts in order to attain this desire. In particular, the colonists believed that every man should have the right to exploit his own talents without arbitrary interference from or regulation by exclusive corporations, trading companies, and the like.[26] With this notion of individual personal liberty came a deep-rooted aversion to other monopolistic practices.[27] These ideas were important in the later formula-

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ships for all goods imported from, or exported to, Asia, Africa or America; and to use English ships or ships of the country which produced the goods, for all things imported from, or exported to, European ports. Never before had English trade been circumscribed with so many regulations.

[25] Mund states that economic regimentation similar to that in England was also then rife throughout Western Europe. *Id.* at 28 *passim*.

[26] Exclusive corporations evolved in England from the guilds and were chartered during the seventeenth and eighteenth centuries. These exclusive corporations retained the special privileges and monopoly powers with which they had been endowed at their original creation, as well as those special privileges with which they were later invested by English law. Thus, for example, under the 1558 Statute of Apprenticeship, eligibility to practice a trade was severely restricted because satisfactory completion of a seven-year apprenticeship, which was a prerequisite, could be achieved only by those to whom the relevant guild gave full approbation. *See id.* Mund also demonstrates that English and French economists in the eighteenth century were increasingly inspired to preach repudiation of this monopolistically-oriented economic regimentation in favor of a *laissez-faire* economy.

[27] Legal writers and historians tend to sentimentalize the "rights of Englishmen" and thereby to give the impression that personal liberty was in the English tradition, at least subsequent to the

tion of the Constitution, and especially the patent clause and the Fifth Amendment.

Focal to these ideas was the understanding that the *private* monopolization of *un*exceptional advances is *twice* evil.

First, progress is promoted when the exercise of ordinary skill is unfettered—and impeded when it is not.

As this Court has said:

> The process of development in manufactures creates a constant demand for new appliances, which the skill of ordinary head-workmen and engineers is generally adequate to devise, and which, indeed, are the natural and proper outgrowth of such development. Each step forward prepares the way for the next, and each is usually taken by spontaneous trials and attempts in a hundred different places. To grant to a single party a monopoly of every slight advance made, except where the exercise of invention, somewhat above ordinary mechanical or engineering skill, is distinctly shown, is unjust in principle and injurious in its consequences.[28]

Magna Charta. While it is true that "[t]he roots of American freedom are . . . to be found in English constitutional history," 1 B. Schwartz, The Bill of Rights 3 (1971), it is also true that these English rights have throughout history been far more often honored in the breach than in the observance. In the seventeenth and eighteenth centuries their exercise was much inhibited by rampant economic monopolization and, at times, by arbitrary restrictions imposed by the sovereign. Moreover, these rights have always been, at best, contractual rights arrived at as an accommodation between people and the sovereign.

Even today, English liberties exist at the sufference of parliament and are subject to change by duly enacted statutes. By contrast, individual liberties in the United States derive directly from the sovereignty of the people themselves under the authority of the Constitution, and hence constitute restraints upon congressional power.

[28] *Atlantic Works v. Brady*, 107 U.S. 192, 199-200 (1883). This passage was quoted in *Great Atl. & Pac. Tea Co. v. Supermarket*

Second, the grant of private monopolies for advances that do not exceed ordinary skill would infringe as directly upon the opposing and preeminent rights of citizens in our culture as similar grants infringed upon guild monopolies in Venice and Elizabethan England.

Every school child is familiar with the "monopoly on tea that sparked the Revolution," [29] and with the excesses of the Stamp Act and the Townshend Acts. Less well known is the *List of Infringements and Violations of Rights* drawn up by the Boston Town Meeting in 1772 that complained of the English action:

> The restraining us from erecting Stilling Mills for manufacturing our Iron the natural produce of this Country, *Is an infringement of that right with which God and nature have invested us, to make use of our skill and industry in procuring the necessaries and conveniences of life.*[30]

The years immediately following the Revolution and preceding the framing of the Constitution were a time of economic and political experimentation; the new country, as a loose union of sovereign states, groped toward a workable form of government embodying the individual rights to which the people had pronounced themselves entitled.

The annals of the 1787 Constitutional Convention shed very little light on the debate concerning the adoption of the patent clause.

Equip. Corp., 340 U.S. 147, 155 (1950) (Douglas, J., concurring). The latter is in turn reaffirmed in *Anderson's-Black Rock, Inc. v. Pavement Salvage Co.*, 396 U.S. 57, 61 (1969). *See also Hotchkiss v. Greenwood*, 52 U.S. (11 How.) 248 (1850) (expresses this same thought, now codified in 35 U.S.C. § 103 (1970)).

[29] *Graham v. John Deere Co.*, 383 U.S. 1, 7 (1966).

[30] 1 B. Schwartz, The Bill of Rights 3, at 209 (1971), *quoting* The Rights of the Colonists and a List of Infringements and Violations of Rights, para. 9 (1772), *contained in* 2 The Writings of Samuel Adams 350-69 (H.A. Cushing ed. 1906).

More information in demonstrating the intent of the constitutional Framers in adopting the patent clause is a consideration of various writings and actions of the constitutional Framers, and an analysis of this Court's interpretation of the patent clause over the years.

James Madison, one of the most influential constitutional Framers, set forth his concepts of "property and liberty" in terms that are particularly meaningful even today. According to Madison, a man

> has an equal property in the free use of his faculties and free choice of objects on which to employ them.
>
> • • • •
>
> This is not a just government, nor is property secure under it where arbitrary restrictions, exemptions, and monopolies deny to part of its citizens that free use of their faculties, and free choice of their occupations. . . .[31]

Consistent with Madison's views, the fifth and fourteenth amendments recognize, as property of *every citizen*, the right to utilize his own talents and skills in the pursuit of a trade or calling.[32] This Court has several times explicated this right and its immutable nature. In *Allgeyer v. Louisiana*, 165 U.S. 578 (1897) the Court with reference to the fourteenth amendment rights stated:

> The liberty mentioned in that amendment . . . is deemed to embrace the right of the citizen *to be free in the enjoyment of all his faculties; to be free to use them in all lawful ways; to live and work where he will; to earn his livelihood by any lawful calling; to pursue any livelihood or avocation*, and for that purpose to enter into all contracts which may be proper,

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[31] The Complete Madison 267-69 (S.K. Padover ed. 1953) (quoting National Gazette, March 29, 1792).

[32] Or as the 1772 Boston Town Meeting put it, in pursuit of the "necessaries and conveniences of life." *See* note 30 *supra* and accompanying text. The same thought expressed as the right to "life, liberty and the pursuit of happiness" appears in the Declaration of Independence.

necessary, and essential to his carrying out to a successful conclusion the purposes above mentioned.[33]

(iii) Harmonious Construction of the Patent Clause With the Commerce Clause and The Fifth and Fourteenth Amendments

A constitution, like a statute, must be read as a whole so as to give effect to all of its parts without doing violence to any.[34] If no specific patent power had been extended, the broad scope of the Commerce Clause would authorize the unrestrained grant of patents. It follows that a *separate* patent clause was included as a limited exception to the general prohibition against monopolies—*not* as a stimulant to commerce but only as an "encouragement to genius" which would not impede the exercise of ordinary skill.[35]

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[33] *Id.* at 589-590 (emphasis added). See also *Greene v. McElroy*, 360 U.S. 474 (1959).

[34] *Mastro Plastics v. NLRB*, 350 U.S. 270 (1956); *United States v. Alpers*, 338 U.S. 680 (1950); *United States v. American Trucking Assn's, Inc.*, 310 U.S. 534 (1940); *United States v. Boisdore's Heirs*, 49 U.S. (8 How.) 113 (1850).

[35] In debate prior to ratification the antifederalists sought an express prohibition in the Constitution against monopoly. In asserting that it was not needed because, in effect, already present, a Federalist writing under the pseudonym "Marcus" responded:

> One of the powers given to Congress is, "to promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries." I am convinced Mr. Mason did not mean to refer to this clause. He is a gentleman of too much taste and knowledge himself to wish to have our government established upon such principles of barbarism as to be able to afford no encouragement to genius.

The Antifederalist view as to the impermissible sweep of the commerce clause was espoused by George Mason of Virginia, by a person styled "Agrippa" who prepared several pamphlets (who may have been James Winthrop of Massachusetts), and even to some extent by Thomas Jefferson who initially believed that the Constitution might benefit from a Bill of Rights provision expressly prohibiting all monopolies including patents. *See generally* 1 B. Schwartz, *supra* note 27, at 446, 512.

Construed harmoniously, the fifth and fourteenth amendments combine with the patent clause to deny Congress the power, under the Commerce Clause or any other provision of the Constitution to authorize the granting of patents that would deprive the public of free access to knowledge within the ordinary skill of the art.

II. No Attenuation of *Sears/Compco*

In 1965-6 various patent bar and commercial amici in *Graham* argued that an "increased standard" for patentability had been "applied by the Court" and should be relaxed. The argument was rejected with the admonition that "the standard has remained invariable in this Court." *Graham*, 383 U.S. at 19.

Now, almost a quarter century later, Petitioner's various patent bar and commercial amici urge in this case that the court has consistently moved away from the 1964 decisions in *Sears* and *Compco*—and that it should continue in the same direction by reversing the Florida Court.

As was the case in 1965-6, these urgings are misdirected for the *Sears/Compco* doctrine "has remained invariable in this court".

The contrary view of Petitioner and its amici is bottomed primarily on *Goldstein v. California*, 412 U.S. 546 (1973); *Kewanee Oil Company v. Bicron Corporation*, 416 U.S. 470 (1974); and *Aronson v. Quickpoint Pencil Company*, 440 U.S. 257 (1979), none of which support it.

Goldstein, the first of these cases involved copyrights—not patents. The constitutional considerations which dictated the holdings in *Sears* and *Compco* simply were not relevant. The *Goldstein* opinion points that out[36]—and

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[36] In regard to mechanical configurations [i.e., subject matter patentable under 35 U.S.C. § 101]. Congress had balanced the need to encourage innovation and originality of invention against the need to insure competition in the sale of identical or substantially identical products. The standards established for granting federal patent protection to machines thus indi-

then "reaffirm[ed] today" its "*decisions* in Sears and Compco . . .", 412 U.S. at 571. The dissenting opinions, albeit disagreeing with the *judgment* in *Goldstein*, make it unambiguously clear that *Sears* and *Compco*, which involve *patent* doctrine are correctly decided.

Kewanee was a private contract case involving trade secrets. The majority was at pains to point out that "[t]he subject of a trade secret must be secret, and must not be of public knowledge . . .", 416 U.S. at 475. The majority appropriately recognized that "Nothing in the patent law requires that States refrain from action to prevent industrial espionage", 416 U.S. at 487. The dissenters in effect agreed: "Damages for breach of a confidential relation is not preempted by this patent law. . .", 416 U.S. at 498 (Justice Douglas and Brennan dissenting).[37]

> cated *not only* which articles in this particular category Congress wished to protect, *but which configurations it wished to remain free*. The application of state law in these cases to prevent the copying of articles which did not meet the requirements for federal protection disturbed the careful balance which Congress had drawn and thereby necessarily gave way under the Supremacy Clause of the Constitution.

Goldstein v. California, 412 U.S. 546, 569-70 (1973) (emphasis added).

[37] Dissenting Justices Douglas and Brennan also prudentially urged that "an injunction against use [of a misappropriated trade secret] is pre-empted" because "an injunction barring disclosure does service for the protection accorded valid patents and is therefore pre-empted. . . . It is that constitutional policy which we should enforce, not our individual notions of the public good." 416 U.S. at 498-99.

The premise of these dissenting Justices is, of course, valid—but it was misdirected in *Kewanee*. The state court injunction which the majority reinstated, 416 U.S. at 493, was appropriately limited to preclude only "the disclosure or use by respondents of 20 of the 40 trade secrets until such time as the trade secrets had been released to the public or had been obtained by respondents from sources having the legal right to convey the information", 416 U.S. at 974.

Aronson involved only the enforcement of a private contract to pay royalties for the "opportunity to be the first to market", 440 U.S. at 266. *Sears* was correctly deemed inapposite because "Enforcement of the agreement does not withdraw any idea from the public domain . . . . the design entered the public domain as a result of the manufacture and sale of the keyholders under the contract", 440 U.S. at 263.

En route to its decision the Aronson court reaffirmed the imperative that underpins *Sears* and *Compco*—i.e., that "the stringent requirements for patent protection seek to assure that idea in the public domain remain there for the free use of the public" *id.* at 262.

III. *Interpart*—Another Aberrant Decision

(1) Federal Circuit Judge Rich's syllogistic opinion in *Interpart Corp. v. Italia*, 777 F.2d 678 (1988) self-destructs on its own flawed minor premise.

According to *Interpart*:

> (i) "The patent law . . . grants to inventors the right . . . to exclude others from making, using, or selling their patented inventions", 777 F.2d at 684;
>
> (ii) the California statute "does not give the creator of the product the right to exclude others from making, using, or selling the *product* as does the patent law" *id.* at 684-85 (emphasis added);
>
> (iii) ergo, "the California law does not 'clash' with the federal patent law" *id.* at 685.

Premise (ii) is invalid because the "right to exclude others" granted by the patent law is *not* limited to "product[s]"—but includes, among other things, processes, such as the direct molding process, 35 U.S.C. § 101, and designs, 35 U.S.C. § 171.[38]

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[38] 35 U.S.C. § 171 states:

> Whoever invents any new, original and ornamental design for an article of manufacture may obtain a patent therefor, subject to the conditions and requirements of this title.

A fair and unbiased statement of the same syllogistic argument demonstrates the fatal "clash" with the patent law that invalidates both the California and the Florida anti-direct molding statutes. The focal premise (ii) and compelled conclusion of such a *fair* statement might read:

> —The anti-direct molding statutes give the manufacturers of items, including boat hulls, the right to exclude others from using the publicly owned direct molding process to duplicate the publicly owned design of such items.
>
> —Ergo the statutes "clash" with federal patent law and are invalid.

(2) For this court *Interpart* is of challenging significance for it is one of many aberrant decisions of essentially common origin which, for more than twenty years, have consistently rejected federal patent law as enunciated here.

The Court of Appeals for the Federal Circuit was created to resolve "conflict" in the judicial application of the patent laws. Contrary to the popular belief, the cardinal conflict did *not* implicate the territorial circuits. Among these appellate courts, conflict in decision, with consequent evils such as "forum shopping", was not shown to be more egregious in the patent context than in other areas of law. The overweening dispute was reflected by opinions of the Court of Customs and Patent Appeals (CCPA)—and by opinions of its judges sitting by designation elsewhere—which were at odds with the decisions of this Court.[39]

In 1966 *Brenner v. Manson*, 383 U.S. 519 "clearly [held] that discovery of a specific and substantial utility is a requirement of a patentable invention . . ." [40] under

[39] The history of this conflict is written in the opinions of both courts and by the writings of CCPA judges. See, e.g., the pointed dissent by Justices Stevens, Brennan, Marshall and Blackmun in *Diamond v. Diehr*, 450 U.S. 175, 193 (1981) and the dissent by Justices Brennan, White, Marshall and Powell in *Diamond v. Chakrabarty*, 447 U.S. 303, 318 (1980).

[40] Chisum, Patents § 4.02[2], Vol. 1, p. 4-12.

35 U.S.C. § 101. Shortly thereafter, the CCPA in *In re Joly* [41] and *In re Kirk* [42] applied *Brenner* to sustain Patent and Trademark Office (PTO) rejections of patent applications for lack of an adequate disclosure of utility—but not without strong dissents. In 1980, then CCPA Chief Judge Markey, sitting by designation in the Eighth Circuit, completed the interment of *Brenner* with the assertion that "the defense of non-utility cannot be sustained without proof of total incapacity".[43]

The lengthy dissent by Justices Stevens, Brennan, Marshall and Blackmun in *Diamond v. Diehr*, 450 U.S. 175, 193 (1981) "chronicles a dramatic change" beginning with "two decision in 1968" in the patent law "as understood by the Court of Customs and Patent Appeals" *id.* at 198. The dissent notes that doctrine enunciated by "this Court, and the lower federal courts, including the Court of Customs and Patent Appeals" with 70 years of constant adherence was rejected as contrary to "the basic purposes of the patent system and productive of a range of undesirable results from the harshly inequitable to the silly" *id.* at 198 (quoting *In re Tarczy-Hornoch*, 397 F.2d 856, 867 (CCPA 1968); that "[s]hortly thereafter, a similar fate befell the 'mental steps' doctrine"; that the CCPA "soon replaced the overruled doctrines with more expansive principles formulated with computer technology in mind", and thereafter announced a "new standard for

[41] 376 F.2d 906 (CCPA 1967).

[42] 376 F.2d 936 (1967).

[43] *E.I. duPont DeNemours & Co. v. Berkeley & Co.*, 620 F.2d 1247, 1260, n.17 (8th Cir. 1980). The Federal Circuit cited and followed *duPont* in *Envirotech Corporation v. Al George, Incorporated and Monosep, Inc.*, 830 F.2d 753, 762 (Fed. Cir. 1984) ("Some degree of utility is sufficient for patentability"). *Envirotech*, in turn, was applied in *Moleculon Research Corp. v. CBS, Inc.*, 793 F.2d 1261, 1269 (Fed. Cir. 1986):

> Manifestly, CBS did not come close to meeting the burden of a non-utility defense by proving total incapacity with facts supported by clear and convincing evidence. *See Envirotech Corp. v. Al George, Inc.*, 830 F.2d 753, 762 (Fed. Cir. 1984).

evaluating process claims under [35 U.S.C.] § 101", 450 U.S. at 200.

The *Diehr* dissent goes on to point out that this Court, in effect, rejected the CCPA's restatement of the patent law as it pertains to process claims by its reversal in *Gottschalk v. Benson*, 409 U.S. 63 (1972) of *In re Benson*, 441 F.2d 682 (CCPA 1971)—whereupon the Court of Customs and Patent Appeals began to narrow the interpretation of *Benson* in a series of cases culminating in *In re Flook*, 559 F.2d 21 (1977) which was reversed in *Parker v. Flook*, 437 U.S. 584, (1978), in its turn "trivializ[ed]", 450 U.S. at 205 by a series of CCPA decisions culminating in *In re Diehr*, 602 F.2d 982, affirmed 5 to 4 by *Diamond v. Diehr*, 450 U.S. 175 (1981)—not on the merits of the focal § 101 issue presented—but on the majority's reading of the claims at issue to define "a process for curing synthetic rubber", see 450 U.S. at 177; 206.

While this dispute between the Supreme Court and the CCPA was ongoing, legislation creating the Federal Circuit was enacted. The new court opened for business on October 1, 1982. The contention with this court predictably continues.

The new court acted immediately to satisfy "the uniformity imperative that informed [its] creation".[44] On October 28, 1982, only four weeks after its inception, the Federal Circuit ordered that decisions of its predecessor courts "shall be binding as precedent in this court",[45] and thus resolved in favor of the CCPA all conflicts between that court and the territorial circuits. Six weeks later, the court stressed that in the event of conflict with the territorial circuits, "the precedents of this court must control" [46] on all patent law issues.

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[44] *Connell v. Sears, Roebuck & Co.*, 722 F.2d 1542, 1548 (Fed. Cir. 1983).

[45] *South Corp. v. United States*, 690 F.2d 1368 (Fed. Cir. 1982).

[46] *Carmen Industries, Inc. v. Wahl*, 724 F.2d 932, 938 (Fed. Cir. 1983). (Footnote citing, *inter alia*, *South Corp.* omitted.)

So postured, the court has proceeded in disregard of the rule it admonishes others to follow, i.e.

> "Judicial power is never exercised for the purpose of giving effect to the will of the judge; always for the purpose of giving effect to the will of the legislature; or, in other words, to the will of the law." *Osborn v. Bank of the United States*, 22 U.S. (9 Wheat.) 738, 866, 6 L.Ed. 204, 234 (1824) [47]

The opinions evidencing such disregard reach virtually every aspect of the patent law which has come before the Federal Circuit for decision—and many other aspects that have not.

Perceived errors, which did not influence district court judgments, were "corrected" by "distasteful dicta" explicating the patent law as it would be and is applied by the Federal Circuit.[48]

A non-exhaustive list of such opinions makes the point:

(i) Rejecting this Court's repeated and consistent teachings that the administration of the patent laws must comport with Constitutional strictures,[49] the Federal Cir-

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[47] *Panduit Corp. v. Dennison Manufacturing Co.*, 810 F.2d 1561, 1569-70, n.16 (Fed. Cir. 1987).

[48] "This section [on 'Standard of Review'] is distasteful dicta deemed desirable only in view of . . . the indication of the need in the briefs here and on other appeals." *Railroad Dynamics, Inc. v. A. Stucki Co.*, 727 F.2d 1506, 1510, n.2 (1984)

> Though this court has not yet established a large body of guiding precedent, a beginning must be made toward the goal of uniformity and reliability in the patent laws. A part of that beginning involves our stating disagreement when the same is present. . . .

Connell, supra, n.44, 722 F.2d at 748.

"This court has in recent months issued a number of opinions addressing the analysis of obviousness under section 103 and those opinions provide a comprehensive guide to analysis. . . ." *ACS Hospital Systems, Inc. v. Montefiore Hospital*, 732 F.2d 1572, 221 USPQ 929, 932 (Fed. Cir. 1984).

[49] See, e.g., *Hollister v. Benedict & Burnham Manufacturing Co.*, 113 U.S. 59 (1885); *Thompson v. Boisselier*, 144 U.S. 1 (1885); *Great A & P Tea Co. v. Supermarket Equip. Corp.*, 340 U.S. 147, 152

cuit admonished counsel to "find it unnecessary to speak of the Constitutional rather than the statutory [i.e., § 103] standard of patentability." *Union Carbide Corp. v. American Can Co.*, 724 F.2d 1567, 1573-4 (Fed. Cir. 1984).

(ii) It was the duty of the Federal Circuit to adopt the constitutional patentability standard which has "been invariable in this Court" since *Hotchkiss v. Greenwood* was decided in 1851. *Graham*, 383 U.S. at 19. Disregarding Graham's teaching that § 103 is valid *only* if construed to implement the Constitutional patentability standard, the Federal Circuit has established in 1983 and has since enforced the rule that inventions are *not* "obvious" under § 103, and therefore are *patentable, unless* "*suggested* expressly or by implication by the prior art".[50] Under Federal Circuit law, the word "obvious" in § 103, first paragraph, reads "suggested by the prior art". So read, § 103 is invalid for failure to "comport[] with constitutional strictures" *id.* at 17.

The Commissioner, bound by that ruling, is foreclosed from the discharge of his "duty . . . to give effect to the constitutional standard" *id.* at 6 and "to strictly adhere to the 1952 Act as interpreted here" *id.* at 18.

(iii) The enfeebled patentability standard was, in effect, concurrently made the law of the land by Federal Circuit fiat promulgated in 1983 that the statutory va-

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(1950); *Graham v. John Deere Co.*, 383 U.S. 1 (1966); *Anderson's-Black Rock v. Pavement Salvage Co.*, 396 U.S. 57 (1969); *Dann v. Johnston*, 425 U.S. 219 (1976).

[50] *In re Sernaker*, 702 F.2d 989, 995-96 (Fed. Cir. 1983). In 1988, the Federal Circuit ruled:

> The consistent criterion for determination of obviousness is whether the prior art would have suggested to one of ordinary skill in the art that this process should be carried out and would have a reasonable likelihood of success, viewed in the light of the prior art. (Citations omitted.)

In re The Dow Chemical Co., 837 F.2d 469, 473 (Fed. Cir. 1988).

lidity presumption, 35 U.S.C. § 282, is controlling unless rebutted by "clear and convincing evidence".[51]

(iv) It has been the law here since at least 1950 that

> Courts should scrutinize combination patent claims with a care proportioned to the difficulty and improbability of finding invention in an assembly of old elements.

A & P Tea Co. v. Supermarket Corp., 340 U.S. 147, 152 (1950). That rule has been invariable in this Court. The patent at issue in *Anderson's-Black Rock v. Pavement Salvage Co.*, 396 U.S. 57 (1969) was invalidated without specific reference to *A & P* because the combination of the old elements did not pass "the test of validity of combination patents", 396 U.S. at 59-60. In 1976, the patent in *Sakraida v. Ag Pro, Inc.*, was invalidated on the basis of a finding that "the district court properly followed our admonition in *A & P Tea Co. v. Supermarket Corp. supra*". In accord with these cases, the court, in 1966 in *United States v. Adams*, 383 U.S. 39, 51-52, sustained a patent claim defining a combination of old elements because it found the applicable test to be satisfied by evidence of unexpected result, again without specific reference to *A & P*.

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[51] Early cases include *Connell v. Sears, Roebuck & Co.*, 722 F.2d 1541, 1549 (Fed. Cir. 1983) and *American Hoist & Derrick Co. v. Sowa & Sons, Inc.*, 725 F.2d 1350, 1359-60 (Fed. Cir.), *cert. denied*, 469 U.S. 821 (1984).

On June 23, 1988, the Federal Circuit, citing *American Hoist*, ruled:

> Under 35 USC 282, a patent is presumed valid, and an attack on its validity requires proof of facts by "clear and convincing evidence or its equivalent, by whatever form of words it may be expressed."

Buildex, Inc. v. Kason Industries, Inc., 7 USPQ2d 1325, 1326-27, —— F.2d —— (Fed. Cir. 1988).

On September 12, 1988, *The New York Times* reported that:

> In some areas, as many as 27 percent of patents are missing at any one time and cannot be studied by patent examiners, according to the Patent Office. (p. D1)

Nevertheless, the Federal Circuit has rejected the rule in *A & P* for the stated reason that this Court "has itself recognized the patentability of combinations of old elements", citing *Adams*, coupled with the sophism that "virtually every claimed invention is a combination of old elements". *Medtronic, Inc. v. Cardiac Pacemakers, Inc.*, 721 F.2d 1563, 1566 (Fed. Cir. 1983) quoted and followed in *Raytheon Company v. Roper Corporation*, 724 F.2d 951, 961 (Fed. Cir. 1983).[52]

(v) The latest in this chain of cases is the June 3, 1988 decision in *Diamond Scientific Co. v. Ambico Inc.*, 6 USPQ2d 2028 which faults the repudiation by this Court of patent assignor[53] and licensee estoppel.[54] While the Federal Circuit found it appropriate to deny assignor estoppel given the facts in *Diamond Scientific*, it is quite clear that the doctrine will be revived at the first opportunity. Indeed concurring judge Newman would have done so in *Diamond Scientific*, 6 USPQ2d at 2034.

The uniformity objective of the Federal Courts Improvement Act of 1982 is defeated by this mosaic of aberrant Federal Circuit opinions.

CONCLUSION

The decision of the Florida Supreme Court should be affirmed.

Respectfully submitted,

EDWARD S. IRONS

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[52] This court has been unable to construe the cited sentence, however, "as a rule of law applicable broadly to patent cases because virtually every claimed invention is a combination of old elements," *Medtronic, Inc. v. Cardiac Pacemakers, Inc.*, *supra*, at 1566, and because the Supreme Court has held combinations of old elements patentable. *See, e.g., United States v. Adams*, 383 U.S. 39, 51-52, 86 S.Ct. 708, 714-715, 15 L.Ed.2d 572 (1966).

[53] *See Scott Paper Co. v. Marcalus Mfg. Co.*, 326 U.S. 249 (1945).

[54] *See Lear, Inc. v. Adkins*, 395 U.S. 653 (1969).

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No. 87-1346

IN THE

Supreme Court of the United States

OCTOBER TERM, 1988

BONITO BOATS, INC.,

Petitioner,

v.

THUNDER CRAFT BOATS, INC.,

Respondent.

On Writ Of Certiorari To The Supreme Court Of The State Of Florida

BRIEF OF AMICI CURIAE THE AFTERMARKET BODY PARTS ASSOCIATION AND KEYSTONE AUTOMOTIVE INDUSTRIES, INC., IN SUPPORT OF RESPONDENT

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QUESTION PRESENTED

Do the federal patent laws preempt state laws that restrict the copying of a manufactured product by prohibiting the use of an efficient method of copying, when both the product and the method of copying are unpatented and in the public domain?

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BRIEF OF AMICI CURIAE THE AFTERMARKET BODY PARTS ASSOCIATION AND KEYSTONE AUTOMOTIVE INDUSTRIES, INC., IN SUPPORT OF RESPONDENT

The Aftermarket Body Parts Association and Keystone Automotive Industries, Inc., as *amici curiae*, submit this brief in support of the holding below that the Florida mold statute is preempted by the federal patent laws and thus is unconstitutional under the Supremacy Clause of the Constitution. *Bonito Boats, Inc.* v. *Thunder Craft Boats, Inc.*, 515 So. 2d 220 (Fla. 1987).[1]

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[1] This brief is filed with the consent of the parties; letters consenting to the filing of this brief have been lodged with the Clerk.

INTEREST OF AMICI CURIAE

The Aftermarket Body Parts Association ("ABPA") is a trade association established to foster the manufacture, distribution, and sale of automotive replacement body parts. These sheet metal or plastic replacement parts—hoods, fenders, doors, etc.—are known as "crash parts." Keystone Automotive Industries, Inc., ("Keystone") is a California corporation engaged in importing, distributing, and selling crash parts throughout the United States.

Competition in the manufacture and sales of crash parts is a relatively new phenomenon which could well be destroyed by the application of state mold statutes similar to the Florida act at issue in this case. Prior to the 1980s, the original equipment automobile manufacturers ("OEM manufacturers") maintained virtual monopolies in the manufacture of the crash parts used to repair their respective automobiles. These monopolies were possible in part because existing technology did not allow potential competitors to copy crash parts at a sufficiently low cost and in forms identical to the parts originally designed by OEM manufacturers. The exact copying of crash parts is essential to competition in the aftermarket industry. If a copy of a fender, hood, door, or similar body part is even a few millimeters off, it cannot be used to replace a part damaged in a crash. *See generally In re General Motors Corp.*, 99 F.T.C. 464 (1982).[2]

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[2] In *General Motors Corp.*, the Federal Trade Commission found that, as late as 1982, participation in the market for General Motors ("GM") crash parts was "prohibitively expensive" for anyone other than GM:

> "[E]xpensive as it is for GM, the process would be prohibitively expensive for anyone else. Tooling to manufacture GM crash parts can run to tens of millions of dollars. However, the same dies which are required for service parts are used in the production of original equipment, enabling GM to spread the costs associated with crash part manufacture. . . . It is not difficult to understand why other manufacturers have shown no inclination to incur such large tooling costs simply to produce crash parts. In this market, GM's ownership of the dies used in the manufacture of new cars gives it a wholly natural and decisive competitive advantage over potential manufacturers of crash parts." 99 F.T.C. at 559 (citations omitted).

Over the last few years, several firms have begun to manufacture and distribute automobile crash parts in competition with OEM manufacturers. These competitors have been able to enter the market by using new, sophisticated machines to create the tools and dies necessary to manufacture precise copies of the OEM parts. Although still in its infancy, this aftermarket competition has already lowered prices for crash parts, with a net savings to consumers and their insurance companies of hundreds of millions of dollars each year.

The ABPA and Keystone are concerned that, if the Florida mold statute is upheld in this case, similar state statutes will be used to attack manufacturers and distributors of non-OEM crash parts. One such suit has already been filed by Ford Motor Company against Keystone. *Ford Motor Co.* v. *Keystone*, No. 87-CV-1900-DT (E.D. Mich., pending) (excerpts from the complaint are reproduced in the Appendix). In that action, Ford is seeking, *inter alia*, to enjoin Keystone from selling copies of unpatented Ford crash parts on the ground that the unpatented processes by which the Keystone parts are made violate the "direct molding process acts of the several states." (A2)

Affirmance of the holding below is essential to preserve full competition in the manufacture and sale of items—such as boat hulls and crash parts—which are

in the public domain and do not qualify for federal patent or copyright protection. The mold statutes present a clear threat to this competition to the extent they require competitors to abandon unpatented, low-cost, precise copying processes in favor of more expensive and less accurate methods which would make effective competition far more difficult and very likely impossible.

STATEMENT OF THE CASE

I. THE MOLD STATUTES

Over the past few years, 12 states have enacted statutes to prohibit the manufacture and sale of products made by any "direct molding process." The statutes of nine of these states—including Florida[3]—have banned the use of such direct molding processes with respect to "any manufactured vessel hull or component part of a vessel made by another." Fla. Stat. Ann. § 559.94(2)(a) (West 1988). The prohibited processes are defined to include "any direct molding process in which the original manufactured vessel hull or component part of a vessel is itself used as a plug for the making of the mold, which mold is then used to manufacture a duplicate item." *Id.* § 559.94(1)(a).

The mold statutes of California, Michigan, and Tennessee[4] are similar to the Florida act but signif-

[3] *See* Fla. Stat. Ann. § 559.94 (West 1988); Ind. Code §§ 24-4-8-1 to -7 (Supp. 1988); Kan. Stat. Ann. § 50-802 (Supp. 1986); La. Rev. Stat. Ann. § 51:462 (West 1987); Md. Com. Law Code Ann. § 11-1001 (Supp. 1987); Miss. Code Ann. § 59-21-41 (Supp. 1987); Mo. Ann. Stat. § 306.900 (Vernon Supp. 1988); N.C. Gen. Stat. § 75A-29 (1988); Wis. Stat. Ann. § 134.34 (West Supp. 1987).

[4] *See* Cal. Bus. & Prof. Code §§ 17300-17301 (West 1987); Mich. Comp. Laws §§ 445.621-24 (Supp. 1988); Tenn. Code Ann. §§ 47-50-111, 47-50-113 (1984).

icantly broader. They prohibit the use of a direct molding process to duplicate "any manufactured item." *See* Cal. Bus. & Prof. Code § 17300(a) (West 1987); Mich. Comp. Laws § 445.622 (Supp. 1988); Tenn. Code Ann. § 47-50-111(a) (1984). In the pending case of *Ford Motor Co.* v. *Keystone*, Ford is asserting that these statutes prohibit Keystone from selling replacement automotive crash parts manufactured by its suppliers.[5]

The purpose of these mold statutes is clear: They are designed to prevent potential competitors from using any direct molding process to duplicate products at reduced cost—despite the fact that both the products copied and the method of copying are unpatented and in the public domain. *See Bonito Boats*, 515 So. 2d at 223; *see also Brahma, Inc.* v. *Joe Yeargain, Inc.*, 665 F. Supp. 1447, 1452 (N.D. Cal. 1987). By forcing potential competitors to use more expensive and less accurate copying methods, these statutes erect significant economic barriers to competition and may well prohibit all effective competition in many original products.[6]

II. BOAT HULLS, MOLDING PROCESSES, AND THE FEDERAL PATENT SYSTEM

The Florida mold statute conflicts with the federal patent system which already regulates the copying of boat hulls and the use of direct molding processes. Boat hulls, as manufactured products, are clearly within the subject matter of the federal patent laws. Similarly, the "direct molding process," as defined in

[5] *See* Complaint, *Ford Motor Co.* v. *Keystone*, No. 87-CV-1900-DT (E.D. Mich., pending) (A1-3).

[6] These mold statutes do not address issues such as palming off, mislabeling, source confusion, or any other type of recognized deceptive trade practices traditionally regulated by the states. *Bonito Boats*, 515 So. 2d at 223.

the Florida statute, encompasses a number of different manufacturing processes, all of which are also within the subject matter of the patent system. *See generally* 35 U.S.C. §§ 101, 171.[7]

The federal patent system affords ample protection to manufacturers who invent new boat hulls. Such protection may take the form of a utility patent, a design patent, or a process patent.

A manufacturer who produces a boat hull with new features that improve its performance can obtain a utility patent which accords the manufacturer 17 years of exclusivity in the manufacture, use, or sale of that product. For example, one of many such utility patents—U.S. Patent No. 4,128,072 (Dec. 5, 1978)—awarded to the inventor (Wood) of a power boat hull, was based on the inventor's claim that his new design would improve the boat's performance, increase stability, and allow the boat to "operate in extremely shallow water and still give a soft ride." (Appendix at A10)[8]

The inventor of a new boat hull with an aesthetically pleasing and ornamental design can similarly obtain a design patent which would provide the inventor with up to 14 years of exclusivity, even if the design has no improved functional features. The Appendix contains a few examples of such design pat-

[7] *See also Diamond* v. *Diehr*, 450 U.S. 175, 182 (1981) ("Congress intended statutory subject matter to 'include anything under the sun that is made by man.' ") (quoting S. Rep. No. 1979, 82d Cong., 2d Sess. 6 (1952)).

[8] For other examples of such utility patents, see U.S. Patent No. 3,996,869 (Dec. 14, 1976); U.S. Patent No. 3,930,455 (Jan. 6, 1976); U.S. Patent No. 3,763,810 (Oct. 9, 1973); U.S. Patent No. 3,698,342 (Oct. 17, 1972); U.S. Patent No. 3,600,733 (Aug. 24, 1971).

ents on boat hulls. (A11-19)[9] These patents are but a few of the many patents that the United States Patent Office has awarded covering hull designs.[10]

Molding processes are likewise the subject of process patents, a number of which relate specifically to methods for reproducing boat hulls. One such patent—U.S. Patent No. 3,419,646 (Dec. 31, 1968)—was issued in 1968 to Smith for a direct molding process used in "the making of a mold to duplicate very large plastic objects, *such as a fiber glass boat hull*." (Appendix at A22) (emphasis added). The purpose of this patented process was to "provide a method for making large molded boat hull molds at very low cost, once a prototype hull has been provided." (A23) The patent contemplated that this "prototype" could "itself be a fiber glass plastic boat." (A25)[11]

[9] The design patents included in the Appendix are U.S. Design Patent No. 257,530 (Nov. 18, 1980); U.S. Design Patent No. 246,166 (Oct. 25, 1977); U.S. Design Patent No. 235,753 (July 8, 1975).

[10] *See also* U.S. Design Patent No. 283,416 (Apr. 15, 1986); U.S. Design Patent No. 252,454 (July 24, 1979); U.S. Design Patent No. 249,033 (Aug. 22, 1978); U.S. Design Patent No. 245,973 (Oct. 4, 1977); U.S. Design Patent No. 244,841 (June 28, 1977); U.S. Design Patent No. 244,264 (May 10, 1977); U.S. Design Patent No. [illegible]1,927 (Oct. 19, 1976); U.S. Design Patent No. 239,612 (Apr. 20, 1976); U.S. Design Patent No. 236,332 (Aug. 19, 1975).

[11] Other patents covering molding processes include: U.S. Patent No. 4,118,814 (Oct. 10, 1978); U.S. Patent No. 4,073,049 (Feb. 14, 1978); U.S. Patent No. 3,711,581 (Jan. 16, 1973); U.S. Patent No. 3,388,203 (June 11, 1968); U.S. Patent No. 3,329,546 (July 4, 1967); U.S. Patent No. 3,282,761 (Nov. 1, 1966). Those patents still in force vest the holders with the exclusive right to use the patented process. The application of the mold statute, however, would bar even holders of such patents from using those processes in Florida to copy boat hulls and component parts.

The Smith patent thus covered precisely what the Florida mold statute prohibits: a process by which an original boat hull is used as a prototype or plug in the making of a boat hull mold. The Smith patent expired in 1985. Hence, as a matter of federal patent law, the Smith direct molding process may be freely used by anyone to copy any unpatented boat hull. Yet the Florida mold statute would prohibit the use of Smith's process and any other unpatented direct molding process; and that prohibition would last not the 14 or 17 years of a federal patent, but forever.

The federal patent laws and the Florida mold statute thus constitute two different regulatory regimes that directly and substantially conflict. In striking down the Florida mold statute, the Florida Supreme Court correctly ruled that these two regimes impermissibly clash and, accordingly, that the Florida mold statute is preempted.

SUMMARY OF ARGUMENT

1. The Florida Supreme Court correctly held that the federal patent laws preempt the Florida mold statute. In *Sears, Roebuck & Co.* v. *Stiffel Co.*, 376 U.S. 225 (1964), and *Compco Corp.* v. *Day-Brite Lighting, Inc.*, 376 U.S. 234 (1964), this Court held that state laws that prohibit the mere act of copying an unpatented product in the public domain are preempted. This is because the patent laws represent a determination by Congress that products and processes within the scope of the federal patent laws but not protected by patents should be freely available for all to make, use, or sell. Boat hulls and direct molding processes come within the scope of the patent laws and in fact are often the subject of utility, design, and process patents. The Florida mold statute thus clashes with the congressional regulatory scheme by banning the use of an unpatented efficient method

of copying unpatented boat hulls in order to stifle competition in the sale of boats.

2. The decisions of this Court in *Goldstein* v. *California*, 412 U.S. 546 (1973), *Kewanee Oil Co.* v. *Bicron Corp.*, 416 U.S. 470 (1974), and *Aronson* v. *Quick Point Pencil Co.*, 440 U.S. 257 (1979), support the holding of the Florida Supreme Court. In each case, the Court reaffirmed that Congress has preemptively determined that the public shall be free to make, use, or sell products and processes—such as boat hulls and molding processes—which are within the subject matter of the patent laws and in the public domain.

ARGUMENT

I. THE FLORIDA SUPREME COURT CORRECTLY HELD THAT THE FLORIDA MOLD STATUTE IS PREEMPTED BY THE FEDERAL PATENT LAWS BECAUSE IT WOULD FRUSTRATE FEDERAL PATENT POLICY

The test for federal preemption is well-established: "In this as in other fields, the question of whether federal law preempts state law involves a consideration of whether that law stands as an obstacle to the accomplishment and execution of the full purposes and objectives of Congress." *Aronson* v. *Quick Point Pencil Co.*, 440 U.S. 257, 262 (1979) (quoting *Hines* v. *Davidowitz*, 312 U.S. 52, 67 (1941)). Under the Supremacy Clause of the Constitution, no state may enact unfair competition laws that "give protection of a kind that clashes with the objectives of the federal patent laws." *Sears, Roebuck & Co.* v. *Stiffel Co.*, 376 U.S. 225, 231 (1964). Thus, the Florida mold statute is preempted if its intent and effect clash with the purposes and objectives of the patent laws.

A. The Patent Laws Represent A Balance Between The Competing Policies Of Encouraging Innovation And Ensuring Free Competition

The Patent and Copyright Clause of the Constitution grants to Congress the authority "[t]o promote

the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries." U.S. Const. art. I, § 8, cl. 8. This provision empowers the federal government to grant patent and copyright rights which are "national in scope." *See* The Federalist No. 43, at 309 (B. Wright ed. 1961). *See also Goldstein* v. *California*, 412 U.S. 546, 556 (1973).

Pursuant to this power, Congress has established a federal patent system which grants inventors of original items or processes the exclusive control over the commercial use of their work for a limited number of years. A utility patent is available for 17 years for "any new and useful" product or process. 35 U.S.C. § 101. A design patent is similarly available for up to 14 years for any "new, original, and ornamental" design for an article of manufacture. 35 U.S.C. § 171.

This federal patent system reflects "a compromise between competing policy interests." *Dawson Chemical Co.* v. *Rohm & Haas Co.*, 448 U.S. 176, 221 (1980). On the one hand, federal patent law seeks to promote innovation by granting an inventor the exclusive authority to make, use, sell, or license the patented product or process within the United States for a prescribed period of time. *See* 35 U.S.C. § 271. Exclusivity is not freely given: "Only inventions and discoveries which furthered human knowledge, and were new and useful, justified the special inducement of a limited private monopoly." *Graham* v. *John Deere Co.*, 383 U.S. 1, 9 (1966). *See also Atlantic Works* v. *Brady*, 107 U.S. 192, 200 (1883).

On the other hand, Congress has carefully crafted the patent laws "to insure competition in the sale of identical or substantially identical products" which are not subject to patents and are in the public domain. *Goldstein* v. *California*, 412 U.S. at 569. When a

patent expires, the right to make the invention and share in its good will passes irretrievably to the public. *Kellogg Co.* v. *National Biscuit Co.*, 305 U.S. 111, 120 (1938). Further, by establishing standards for granting federal patent protection, the patent laws indicate "not only which articles . . . Congress wished to protect, but which configurations it wished to remain free." *Goldstein*, 412 U.S. at 569. A product or process which does not meet federal patent standards, "like an article on which the patent has expired, is in the public domain and may be made and sold by whoever chooses to do so." *Sears, Roebuck & Co.* v. *Stiffel Co.*, 376 U.S. 225, 231 (1964).[12]

This policy of ensuring free competition "runs deep in our law." *Dawson Chemical Co.* v. *Rohm & Haas Co.*, 448 U.S. at 221. It is basic to the growth and free-market nature of our economic system. Any construction of the federal patent laws must be made "in light of this Nation's historical antipathy to monopoly and of repeated congressional efforts to preserve and foster competition." *Deepsouth Packing Co.* v. *Laitram Corp.*, 406 U.S. 518, 530 (1972). This Court thus has always construed patent rights strictly and prohibited any extension of the monopoly or narrowing of the area of public use absent "a clear and certain signal from Congress." *Id.* at 531. *See also*

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[12] These features of the patent laws reflect congressional adoption of the same free-market premise that underlies the antitrust laws: "that the unrestrained interaction of competitive forces will yield the best allocation of our economic resources, the lowest prices, the highest quality and the greatest material progress." *Northern Pac. R. Co.* v. *United States*, 356 U.S. 1, 4 (1958). *See also Kewanee Oil Co.* v. *Bicron Corp.*, 416 U.S. 470, 480 (1974) ("The productive effort thereby fostered will have a positive effect on society through the introduction of new products and processes of manufacture into the economy, and the emanations by way of increased employment and better lives for our citizens.").

United States v. *Masonite Corp.*, 316 U.S. 265, 280 (1942).

B. Under *Sears* and *Compco*, State Laws Are Preempted That Restrict The Copying Of Products In The Public Domain

In *Sears, Roebuck & Co.* v. *Stiffel Co.*, 376 U.S. 225 (1964), and *Compco Corp.* v. *Day-Brite Lighting, Inc.*, 376 U.S. 234 (1964), this Court applied these well-established principles and ruled that the states may not prohibit the copying of a product that is within the subject matter of the patent laws but not the subject of a valid federal patent.[13] In both *Sears* and *Compco*, the lower courts had found that the defendants had violated certain state unfair competition laws by manufacturing and selling light fixtures which were identical copies of unpatented fixtures originally designed and marketed by the plaintiffs. This Court reversed, holding that the federal patent laws preempted the state laws.

The Court based its rulings in *Sears* and *Compco* on the fundamental purposes underlying federal patent law. The Court emphasized that the patent system is designed "to promote invention while at the same time preserving free competition." *Sears*, 376 U.S. at 230-31. The patent system encourages invention "by rewarding the inventor with the right, limited to a term of years fixed by the patent, to exclude others from the use of his invention." *Id.* at 229. Competition is preserved by ensuring that "[a]n unpatentable article, like an article on which the patent has expired, is in the public domain and may be made and sold by whoever chooses to do so." *Id.* at 231. This

[13] These principles were first applied to strike down efforts by a patentee to extend an aspect of its monopoly after the expiration of the patent. *See Kellogg Co.* v. *National Biscuit Co.*, 305 U.S. 111, 120-22 (1938); *Singer Mfg. Co.* v. *June Mfg. Co.*, 163 U.S. 169, 185 (1896).

right includes the right to copy the article "in every detail." *Compco*, 376 U.S. at 238. The Court held that, given this balance, allowing a state to forbid the copying of an unpatented article "would be to permit the State to block off from the public something which federal law has said belongs to the public." *Sears*, 376 U.S. at 232. Such a state law is preempted, for it would effect "too great an encroachment on the federal patent system to be tolerated." *Id.*[14]

The Court succinctly summarized this holding in *Compco*:

> "Today we have held in *Sears, Roebuck & Co.* v. *Stiffel Co.*, *supra*, that when an article is unprotected by a patent or copyright, state law may not forbid others to copy that article. To forbid copying would interfere with the federal policy, found in art. I, § 8, cl. 8, of the Constitution and in the implementing federal statutes, of allowing free access to copy whatever the federal patent and copyright laws leave in the public domain. Here, Day-Brite's fixture has been held not to be entitled to a design or mechanical patent. *Under the federal patent laws it is, therefore, in the public domain and can be copied in every detail by whoever pleases.*" 376 U.S. at 237-38 (emphasis added).[15]

[14] *See also* Brown, *Design Protection: An Overview*, 34 U.C.L.A. L. Rev. 1341, 1381 (1987). *See generally* Kitch, *The Nature and Function of the Patent System*, 20 J.L. & Econ. 265 (1977); Symposium, *Product Simulation: A Right or a Wrong*, 64 Colum. L. Rev. 1178 (1964).

[15] Although the Court in *Sears* and *Compco* prohibited the imposition of liability for the mere act of copying, the Court recognized that a state could require goods to be properly labeled to ensure that there is no misrepresentation by the copyist with respect to their source. *See Sears*, 376 U.S. at 232-33. The mold

Sears and *Compco* thus stand as powerful expressions of the central tenet of the patent preemption doctrine: States cannot in the guise of unfair competition laws place restrictions on the mere act of copying unpatented products which are in the public domain.

C. The Florida Mold Statute Is Preempted Because It Clashes With The Objectives Of The Federal Patent Laws

In conflict with the policy of free competition which underlies the patent system, the Florida mold statute protects original manufacturers of unpatented boat hulls and boat components from competitors who can manufacture identical products at a lower cost. The statute does this by prohibiting the use of a certain unpatented manufacturing process, which the Florida Supreme Court has found to be "an efficient and inexpensive way of duplicating boat hulls." *Bonito Boats*, 515 So. 2d at 223. In forbidding such efficient and inexpensive copying, the statute is intended to grant and has the effect of granting to original manufacturers a substantial degree of freedom from competition in the sale of their unpatented boats.

The conflict between the Florida statute and the federal patent system is unavoidable. As with any other manufactured product, Congress has already determined that boat hulls which are not sufficiently inventive to warrant patent protection or otherwise are not patented should be freely available for copying "in every detail by whoever pleases" to provide the public with the benefits of competition. *See Compco*, 376 U.S. at 238. The Florida statute seeks to stifle that competition by banning the most efficient method

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statutes do not concern labeling but rather are aimed solely at the mere act of copying and prohibit the manufacture and sale of copies no matter how clearly they may be labeled. *Bonito Boats*, 515 So. 2d at 223.

of copying. The statute is thus attempting to do indirectly what *Sears* says it cannot do directly. It builds economic barriers to competition for the purpose of protecting products that Congress has determined should not be protected. Like a ban on copying, such a measure represents "too great an encroachment on the federal patent system to be tolerated." *Sears*, 376 U.S. at 232.[16]

If, as suggested, the particular boat hull at issue in this case is "unpatentable," that is only because Congress has determined that hulls (like any other manufactured product) with such limited novelty should not be protected from free and open competition from would-be copiers. The Florida mold statute clashes with this congressional directive by providing a form of perpetual protection to such products.

The Florida mold statute also conflicts with the federal patent laws because it prohibits the use of any manufacturing *process* in which an original boat hull is used as a plug to make a mold. The protection of such processes is precisely what the patent laws are intended to determine. Under the standards established by Congress, these processes are free for all to use unless they qualify for patent protection.

Petitioner could have obtained patent protection covering a "direct molding process" if the particular process at issue was non-obvious in light of other processes already in the public domain. One such pat-

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[16] This conflict is all the more real when viewed in the light of actual patents. As described above, boat hulls reflecting the creativity required by the patent laws are often the subject of both utility and design patents issued by the Patent Office. (A4-19) The federal courts stand ready to review these boat hull patents and enforce them when they have merit. *See, e.g., Street* v. *Appel*, 239 F.2d 581 (8th Cir. 1957); *Penn Yan Boats, Inc.* v. *Wollard*, 389 F. Supp. 1047 (S.D. Fla. 1975); *Sidewinder Marine, Inc.* v. *Burns*, 176 U.S.P.Q. 499 (C.D. Cal. 1972).

ent was issued by the Patent Office in 1968 for a molding process used in copying fiber glass boat hulls. (A20-26) As that patent explained, the purpose of the process was to duplicate expensive boat hulls at a reduced cost:

> "The construction of a mold for the larger plastic molded boat hulls has, in the past, required a major capital investment for each mold. *It is a major object of the present invention to provide a method for making large molded boat hull molds at very low cost, once a prototype hull has been provided.* Such a hull may be a fiber glass boat hull built from an extremely expensive prototype model or the prototype hull may be a wooden hull constructed by conventional means, which it is now desired to reproduce in fiber glass." (A23) (emphasis added).

As noted above, the molding process described in this 1968 patent passed into the public domain in 1985 when the patent expired. That process—along with many other direct molding methods—is thus free for all to use. By contrast, the Florida statute purports to prohibit the use of this process—and any other direct molding process—to reproduce any boat hull. The mold statute thus squarely conflicts with the federal patent system's regulation of direct molding processes as well as boat hull designs.

The Florida mold statute is thus far more than an additional form of incentive to invention as petitioner contends. Although the states constitutionally may retain some limited regulatory power over intellectual property, such power cannot be exercised inconsistently with the federal patent policy of free competition in unpatented products. *See Kewanee*, 416 U.S. at 478-79. Yet that is precisely what the Florida statute does. By increasing the cost of copying certain

unpatented products *and* by forbidding the use of unpatented direct molding processes, the mold statute strikes at the heart of the careful balance embodied in the federal patent laws between the need to encourage innovation and the need to preserve competition.

D. The Federal Circuit's Reasoning In *Interpart Corp.* Cannot Be Reconciled With The Objectives Of The Federal Patent Laws

In response to the clear conflict between the Florida mold statute and the federal patent laws, petitioner cites *Interpart Corp.* v. *Italia*, 777 F.2d 678 (Fed. Cir. 1985), for the proposition that the mold statute is not preempted because it prohibits only one method of copying.[17] However, even if the statute does not prohibit all forms of copying, it makes copying far more expensive *and* it prohibits the use of copying processes in the public domain. Indeed, the statute is intended to do nothing else.

The patent laws, by contrast, are designed to do far more than ensure that only *some* minimal amount of competition is possible with respect to unpatented

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[17] Petitioner claims that the *Interpart* decision is entitled to "great weight" because of the Federal Circuit's exclusive jurisdiction in cases arising under the patent laws. But, as the Federal Circuit itself has recognized, "the correct application of the preemption principles voiced in *Sears* and *Compco* is a responsibility which is shared between this Court and the regional circuits." *Cable Electric Products, Inc.* v. *Genmark, Inc.*, 770 F.2d 1015, 1033 (Fed. Cir. 1985). Accordingly, the decision of the Federal Circuit in *Interpart* should be accorded no greater weight than that accorded federal appellate decisions generally.

Petitioner also erroneously asserts that two district court cases—*Metro Kane Imports, Ltd.* v. *Rowoco, Inc.*, 618 F. Supp. 273 (S.D.N.Y. 1985), and *Brahma, Inc.* v. *Joe Yeargain, Inc.*, 665 F. Supp. 1447 (N.D. Cal. 1987)—are in accord with *Interpart*. *See* Pet. Brief at n.7. In neither case did the parties brief, or the court consider, the preemption question.

products. Congress intended competition in such products to be completely unhindered by any state regulation other than laws such as those governing deceptive trade practices. *See Goldstein* v. *California*, 412 U.S. 546, 569-70 (1973). By prohibiting even one form of copying—especially a form which has been found to be "efficient and inexpensive"—the mold statute clashes with federal patent objectives.

Petitioner's suggestion that states may ban some methods of copying as long as alternate methods of copying are still "feasible" is simply unworkable. *See* Pet. Brief, Pt. IV, B. Significantly, petitioner never explains what "feasible" means in this context. If petitioner is suggesting that state restrictions on copying are valid so long as the product can be copied by *some* means no matter the cost or the inaccuracy of the method, the states would be free, as a practical matter, to eliminate all effective competition by banning all but the most expensive and inaccurate copying processes. Alternatively, if "feasible" here means that some method of copying must be allowed that would permit competitors to market accurate copies at competitive prices, troublesome questions would arise: Who is to decide what is a "competitive price"? How much profit must a state allow a competitor? Would someone have to determine whether a competitor's failure to make a profit is the result of the state law or the competitor's own inefficiencies? How accurate must the copy be to be a competitive replacement?[18]

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[18] In this last regard it must be remembered that it is essential in certain forms of competition—such as the automobile replacement parts industry—that the copies be extremely accurate to be at all competitive. It is thus no answer to suggest that the state may prohibit certain forms of copying, such as direct molding, that produce exact copies so long as other, less accurate methods remain available.

Nor is the *Interpart* rationale susceptible to any other limiting principle. If states are free to prohibit the use of any direct molding process, they are free to preclude other methods of copying as well. To be sure, the *Interpart* court stated that the California mold statute did not apply to photographing or measuring the product or to copying it by hand or by using sophisticated machinery. But that court articulated no limiting principle that would prevent a state from characterizing some or all of these other methods as "unfair" and then prohibiting their use. Like the Florida mold statute, any such prohibition designed to make more difficult the competition that Congress sought to preserve would clash with the patent laws and be preempted.

E. The Florida Mold Statute Cannot Be Upheld As An Attempt By The State Of Florida To Promote Notions Of "Fairness"

There is likewise no merit in petitioner's contention that the mold statute is a proper exercise of the state's power to promote notions of commercial ethics and basic fairness in the boat manufacturing industry. That is the very argument this Court rejected in *Sears* and *Compco*. The Court held that any such state interest in regulating the marketplace must yield to the purposes and objectives of the federal patent laws. Those laws embody the federal policy of *encouraging* competition even if competitors profit at the expense of the original manufacturer.[19] As the Florida

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[19] This policy has its roots in the common law. Traditionally, the law has not recognized the mere act of copying a product as unfair. As Justice Brandeis stated in his classic dissent in *International News Service* v. *Associated Press*, later cited by this Court in *Goldstein* and *Kewanee*:

> "Such taking and gainful use of a product of another which, for reasons of public policy, the law has refused to endow with the attributes of property, does not become

Supreme Court stated, "[r]egardless of whether we approve of one capitalizing upon the fruits of another's labor, a competitor is not 'unscrupulous' in the eyes of the patent law if he copies someone else's unpatented invention, irrespective of the manner employed to make the copy." *Bonito Boats*, 515 So. 2d at 223.

Even before *Sears* and *Compco*, this Court rejected an argument strikingly similar to the "fairness" argument raised by petitioner. In *Kellogg Co.* v. *National Biscuit Co.*, 305 U.S. 111 (1938), Nabisco sought an injunction against Kellogg to prevent the manufacture and sale of Shredded Wheat. Because Nabisco's patent on Shredded Wheat had expired, Nabisco did not claim the exclusive right to make the product, but did claim the exclusive right to make the biscuits in a pillow-shaped form. Nabisco argued that its predecessor-in-interest had spent enormous sums in developing a market for the product and that the sale of the same product by Kellogg in the identical form constituted unfair competition. This Court held that patent laws precluded the granting of the injunction:

> "Kellogg Company is undoubtedly sharing in the goodwill of the article known as 'Shredded Wheat'; and thus is sharing in a market which was created by the skill and judgment of plaintiff's predecessor and has been widely extended by vast expenditures in advertising persistently made. *But that is not unfair.* Sharing in the goodwill of an article unprotected by patent or trademark is the exercise of right possessed by all—and in the free exercise of which the consuming public is deeply interested." *Id.* at 122 (emphasis added) (*quoted in Sears*, 376 U.S. at 231).

unlawful because the product happens to have been taken from a rival and is used in competition with him. The unfairness in competition which hitherto has been recognized by the law as a basis for relief, lay in the manner or means of conducting the business; and the manner or means held legally unfair, involves either fraud or force or the doing of acts otherwise prohibited by law." *International News Service* v. *Associated Press*, 248 U.S. 215, 258 (1918) (Brandeis, J., dissenting) (cited in *Goldstein*, 412 U.S. at 570; *Kewanee*, 416 U.S. at 481).

Just as sharing in the goodwill of Shredded Wheat was not "unfair," the copying of an unpatented article in the public domain by an inexpensive molding process cannot be regarded as "unethical" or "unscrupulous." To the contrary, the federal patent laws provide that competition in such an unpatented article is in the public interest.

II. THE DECISIONS OF THIS COURT IN *GOLDSTEIN*, *KEWANEE*, AND *ARONSON* SUPPORT THE JUDGMENT BELOW

Petitioner asserts that three decisions of this Court following *Sears* and *Compco* are inconsistent with the judgment below and require its reversal. To the contrary, those cases support the reasoning and the result of the Florida Supreme Court.

The issue in *Goldstein* v. *California*, 412 U.S. 546 (1973), was whether the federal copyright laws preempted a California record piracy statute that prohibited the direct duplication of musical recordings onto other records or tapes for commercial use. At the time, Congress had not yet included audio tapes or records as "renderings of original artistic performance" within the subject matter of copyright. The Court therefore concluded that Congress had drawn no balance whatsoever with respect to those categories of works and had left the area "unattended." Because there was thus no federal policy with which the state law could clash, the Court held that the California statute was not preempted. *Id.* at 568-70.

Petitioner purports to find in *Goldstein* support for its argument that the *Sears/Compco* doctrine does not preempt state laws, such as the Florida mold statute, that ban only certain methods of copying. The holding in *Goldstein*, however, did not turn on the "limited" scope of the *state* act; rather, it was based on the limited scope of the *federal* copyright statute. As noted above, at the time of the violation of the state act, musical recordings had not yet come within the scope of federal copyright law.[20]

The reasoning of the Court in *Goldstein* directly supports the decision below. *Goldstein* clearly indicated that, with respect to articles or processes that are within the scope of patent law—such as boat hulls and direct molding processes—the *Sears/Compco* doctrine would apply to preempt state restrictions on use or copying:

> "In regard to mechanical configuration, Congress had balanced the need to encourage innovation and originality of invention against the need to insure competition in the sale of identical or substantially identical products. The standards established for granting federal patent protection to machines thus indicated not only which articles in this particular category Congress wished to protect, but which configurations it wished to remain free. The application of state law in [*Sears* and *Compco*] to prevent the copying of articles which did not meet the requirements for federal protection disturbed the careful balance which Congress had drawn

[20] Similarly, *Zacchini* v. *Scripps-Howard Broadcasting Co.*, 433 U.S. 562 (1977), is inapposite because the subject matter of that case—a "human cannonball" performance—did not fall within the subject matter of copyright or patent law.

> and thereby necessarily gave way under the Supremacy Clause of the Constitution. No comparable conflict between state law and federal law arises in the case of recordings of musical performances." *Id.* at 569-70.

Petitioner also relies on *Kewanee Oil Co.* v. *Bicron Corp.*, 416 U.S. 470 (1974), in which this Court held that the federal patent laws do not displace state laws that prohibit the improper disclosure of trade secrets.[21] But *Kewanee* does not help petitioner. As the Court recognized in *Kewanee*, trade secret law provides protection solely against the unauthorized disclosure or fraudulent use of a "secret"—that is, something by definition not within the public knowledge or the general knowledge of a trade or business. *Id.* at 475. By contrast, the patent laws deal with inventions fully disclosed to the public. Thus, trade secret law does not "clash" with the federal patent policy of free competition because trade secret law, by its very nature, does not extend to products in the public domain. As the Court stated in *Kewanee*:

> "[T]he [federal patent] policy that matter once in the public domain must remain in the public domain is not incompatible with the existence of trade secret protection. By definition, a trade secret has not been placed in the public domain." *Id.* at 484.

Far from repudiating *Sears* and *Compco*, the *Kewanee* Court confirmed the preeminence of the federal policy of free competition with respect to products or

[21] The *Kewanee* Court also held that the constitutional grant of power to Congress with respect to discoveries was not exclusive and that states were not prohibited by the Patent Clause of the Constitution "from encouraging and protecting the efforts of those within their borders by appropriate legislation." *Kewanee*, 416 U.S. at 478-79.

processes—like boat hulls or direct processes—which are in the public domain: "[T]hat which is in the public domain cannot be removed therefrom by action of the states." *Id.* at 481.[22]

Finally, petitioner seeks to draw support from *Aronson* v. *Quick Point Pencil Co.*, 440 U.S. 257 (1979), in which the Court held that the *Sears/Compco* doctrine did not nullify a private agreement to pay royalties in exchange for the disclosure of a product and the right to sell such product, even though it later proved to be unpatentable. Like *Kewanee*, *Aronson* does not help petitioner, for there too the state law enforcing the agreement did not conflict with the patent policy of free competition. Essential to the Court's holding was the fact that the product licensed was not in the public domain prior to the license and that upholding the agreement placed no restrictions on would-be competitors who might seek to copy the product after it was marketed. *Id.* at 263-64. As in *Kewanee*, the Court reaffirmed the essential holding of *Sears* and *Compco*: "We have held that a state may not forbid the copying of an idea in the public domain which does not meet the requirements for federal patent protection." *Id.* at 264.

Goldstein, *Kewanee*, and *Aronson* thus do not represent a "step back" from the holdings of *Sears* and *Compco*. Those cases merely recognize that certain state laws that deal with items which either have not been disclosed to the public or are left unattended *outside* the scope of the federal patent or copyright

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[22] The Court also noted in *Kewanee* that "[t]rade secret law and patent law has coexisted in this country for over one hundred years." *Id.* at 493. Based on this finding, the Court held that Congress "by its silence" had indicated that it did not intend to preempt trade secret law. *Id.* No such finding can be made here. The mold statutes are relatively new legislation that ban methods of copying that have never previously been prohibited.

laws present no obstacle to the accomplishment of the full purposes of Congress and therefore are not preempted. In each of the three cases, this Court reaffirmed the central teaching of *Sears* and *Compco* which is dispositive in this case: State laws that restrict the copying of unpatented products or the use of unpatented processes already in the public domain frustrate the purposes of the federal patent laws and are therefore preempted.

III. NONE OF THE OTHER ARGUMENTS WARRANTS REVERSAL OF THE JUDGMENT BELOW

The other arguments presented for reversal of the judgment below are also unavailing.

1. Certain *amici*[23] argue that the mold statute does not so much restrict copying of an unpatented product as it protects the property of the original manufacturer in the production mold. According to this view, any direct molding process misappropriates the *mold* from which the original boat hull was initially cast.

This argument, however, glosses over the fact that violators of the Florida mold statute do not use the original manufacturer's mold. By definition, a direct molding process is one in which the copier makes a *new* mold from the original manufacturer's *finished product*. Nothing is "misappropriated"; rather, the copier uses only that which the manufacturer has willingly placed in the public domain and is therefore free for all to use. The original manufacturer has no more right to prevent the recreation of his mold than he has to prevent the copying of his product.

2. The Boston Whalers, Inc., and the International Property Owners, Inc., ("IPO") argue that the Florida

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[23] *See* Brief of Marine Indust. Assoc. of South Florida and the Atty. Gen. of Fla. at 14; Brief of Imos Italia and Torino Industries, Ltd., at 12, 22.

mold statute does not conflict with the federal patent system because patent laws do not purport to regulate "unfair competitive practices" or the "direct copying of industrial designs." This argument misconstrues the scope of patent protection. Although Congress has not purported to regulate "ethics" and "fairness" as such in the marketplace, the federal patent laws comprehensively regulate the extent to which manufactured products and processes are to be the subject of free and open competition. A state cannot avoid the preemptive effect of that congressional decision by simply labeling the subject matter of its law "unfair competitive practices." *Sears* and *Compco* definitively established that.

Moreover, Congress has clearly regulated the copying of industrial designs. As described above, industrial designs (such as boat hulls or automobile fenders) may qualify for a design or utility patent if they are sufficiently novel. Those that do not meet the federal standard, however, fall within the category of articles that "Congress . . . wished to remain free." *Goldstein*, 412 U.S. at 569.

To be sure, pending federal legislation supported by OEM manufacturers of boat hulls and automobile crash parts would make it easier to obtain federal protection against the copying of industrial designs currently within the scope of the patent laws. *See* H.R. Rep. No. 1173, 100th Cong., 2d Sess., 133 Cong. Rec. H735 (daily ed. Feb. 19, 1988). But until and unless that legislation is enacted—and Congress has thus far rejected a number of similar bills—publicly disclosed industrial designs must either meet the requirements of the existing patent law or they are in the public domain—free for all to make, use or sell.[24]

[24] Indeed, whatever the merits of these proposed bills, the congressional debate is further evidence that the proper balance between the promotion of true innovation and the maintenance of a competitive economy must be made on a national basis by Congress rather than in a piecemeal, inconsistent fashion by state legislators.

3. The case of *International News Service* v. *Associated Press*, 248 U.S. 215 (1918) ("INS"), cited in support of petitioner's position, is likewise inapposite. As this Court noted, that case dealt with the appropriation of "news"—a matter which was not (and is not) within the subject matter of patent or copyright law. *Id.* at 232. Thus, the *INS* Court did not consider the preemptive effect of the copyright act.

Moreover, 70 years of patent preemption cases cast serious doubt on the vitality of *INS*. *See, e.g.*, Treece, *Patent Policy and Preemption: The Stiffel and Compco Cases*, 32 U. Chi. L. Rev. 80, 95 (1964). At least one circuit court has held that *INS* "has clearly been overruled" by *Sears* and *Compco*. *Columbia Broadcasting System, Inc.* v. *DeCosta*, 377 F.2d 315, 318 (1st Cir.), *cert. denied*, 389 U.S. 1007 (1967). Other courts have distinguished *INS* on a variety of grounds, none of which support the application of *INS* here. *See, e.g.*, *Financial Information, Inc.* v. *Moody's Investors Service, Inc.*, 808 F.2d 204, 209 (2d Cir. 1986), *cert. denied*, 108 S. Ct. 79 (1987); *Cable Vision, Inc.* v. *KUTV, Inc.*, 335 F.2d 348, 352 (9th Cir. 1964), *cert. denied*, 379 U.S. 989 (1965); *Triangle Publication, Inc.* v. *Sports Eye, Inc.*, 415 F. Supp. 682, 686 (E.D. Pa. 1976). Finally, this Court's opinions in both *Goldstein* and *Kewanee* cited *INS* only for Justice Brandeis' dissent. *See Goldstein*, 412 U.S. at 570; *Kewanee*, 416 U.S. at 481.

There is, in short, no merit in petitioner's attempt to use the 1918 *INS* decision, which did not involve products subject to patent or copyright protection, to undercut *Sears* and *Compco*—cases decided 45 years later in the context of items which, like the boat hulls

at issue in this case, were subject to the federal patent system.

4. Finally, IPO cites the Semiconductor Chip Protection Act of 1984 ("Chip Act"), Pub. L. No. 98-620, Title III, 98 Stat. 3347 (1984) (codified at 17 U.S.C. §§ 901-914 (Supp. II 1984)), as evidence that Congress did not intend the federal patent laws to preempt the state mold statutes. That Act, however, created a new type of federal intellectual property protection, phased in over a period of years, solely for semiconductor chips. *See* 17 U.S.C. § 913 (Supp. II 1984). The inclusion of an effective date in the Act's preemption provision reflects no congressional bow to state regulatory authority, but only a prudent desire to delay the preemptive impact of the new federal rights, whatever that impact might be. Nothing in the legislative history of the Chip Act indicates that Congress ever considered whether state law could provide a remedy against the electronic copying of a chip's layout, absent the Act's preemptive provisions. *See generally* Note, *Semiconductor Chip Protection: Changing Roles for Copyright and Competition*, 71 Va. L. Rev. 249, 272 (1985) (noting that misappropriation protection for an integrated circuit would be preempted under *Sears* and *Compco*).

CONCLUSION

For the foregoing reasons, this Court should affirm the judgment of the Florida Supreme Court.

Respectfully submitted,

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September 15, 1988

APPENDIX

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN

FORD MOTOR COMPANY, a Delaware corporation, Plaintiff, v. KEYSTONE AUTOMOTIVE INDUSTRIES, INC., a California corporation, Defendant.	)	Civil Action No. 87CV719000T **COMPLAINT**

COUNT I. UNFAIR COMPETITION

1. Plaintiff, Ford Motor Company ("Ford") is a Delaware corporation with its principal place of business at The American Road, Dearborn, Michigan 48121.

2. Defendant Keystone Automotive Industries, Inc. ("Keystone") is a California corporation with its principal corporate offices at 700 East Bonita Avenue, Pomona, California 91767, and, on information and belief, with its principal manufacturing facility at No. 92 Kuang Fu North Road, Hsin, Chu, Industrial Zone, Hukou Hsiang, Hsinchu Hsieh, Taiwan, The Republic of China.

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4. This Court has jurisdiction by virtue of the facts that this is a civil action arising under the Trademark Laws of the United States, 15 U.S.C. §§ 1051-1127, jurisdiction being expressly conferred in accordance with 15 U.S.C.

§ 1121 and 28 U.S.C. § 1338(a). This Court has pendant jurisdiction over all related claims herein in accordance with 28 U.S.C. § 1338(b).

5. Ford is engaged in the manufacture, advertising and sale of a wide variety of motor vehicles. Incident to such activity, Ford also sells automotive parts and accessories for such motor vehicles, and related products and services, including Ford automotive body replacement parts (*e.g.*, hoods, fenders).

• • •

9. Defendant Keystone, on information and belief, imports from Taiwan, and markets, sells and distributes in the United States, including Michigan, both directly and through authorized distributors, a line of spurious Ford automotive body replacement parts.

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COUNT IV. WRONGFUL PRODUCT COPYING BY DIRECT MOLDING PROCESS

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29. On information and belief, Keystone's spurious Ford automotive body replacement parts are manufactured by means of a process in which an original genuine Ford automotive body replacement part is used as a pattern for making the molds or dies which are used to manufacture said spurious automotive body parts.

30. Defendants aforesaid acts constitute violations of direct molding process acts of the several states.

WHEREFORE, as to Counts . . . IV, Ford prays that:

1. Defendants, their officers, agents, servants, employees and attorneys, and all others who are in active concert or participation with them:

• • •

b. be enjoined from maufacturing, importing, marketing, selling and distributing automotive body replacement parts manufactured by means of any process in which an original Ford part is used as a pattern for making a mold used to manufacture copies of the genuine Ford parts.

• • •

United States Patent [19] [11] **4,128,072**
Wood, Jr. [45] **Dec. 5, 1978**

[54] POWER BOAT HULL

[75] Inventor: Garfield A. Wood, Jr., Monroe, La.

[73] Assignee: Woodstream Corporation, Lititz, Pa.

[21] Appl. No.: 779,845

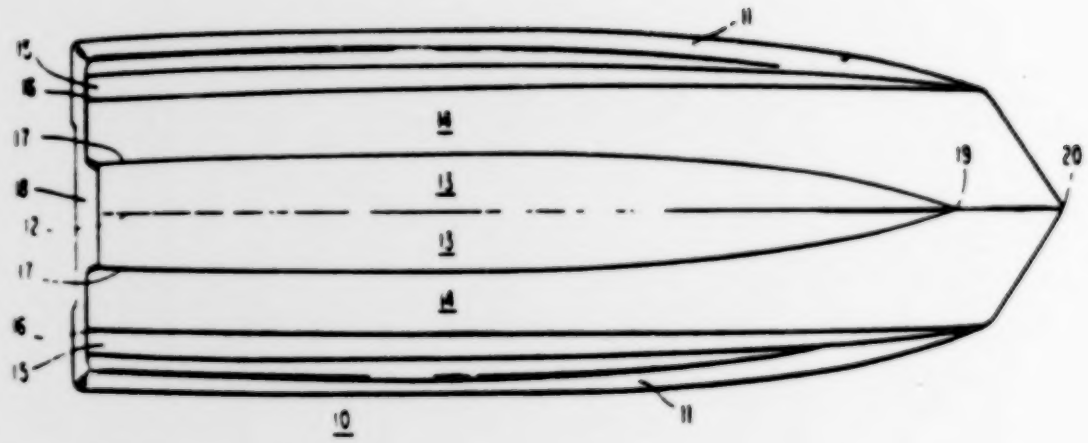
[22] Filed: Mar. 21, 1977

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[57] ABSTRACT

A power boat hull having sides and a bottom formed of a series of vertically stepped panels disposed symmetrically on either side of the hull center line. The series of panels on either side of the hull center line include an inboard panel, a center panel and an outboard panel. Vertical risers join the adjacent edges of the center and outboard panels and extend substantially parallel to the hull center line. Vertical risers join the adjacent edges of the center and inboard panels and extend on opposite sides of the hull center line from the stern to a point of intersection on the center line adjacent the bow. The panels are angled upwardly from the horizontal, outwardly of the hull center line with such angularities decreasing between successive panels in the outboard direction at all stations along the length of the hull except at the stern, the angularities of each inboard and center panels increasing from the stern toward the bow while the angularities of the outboard panels remain constant.

5 Claims, 7 Drawing Figures



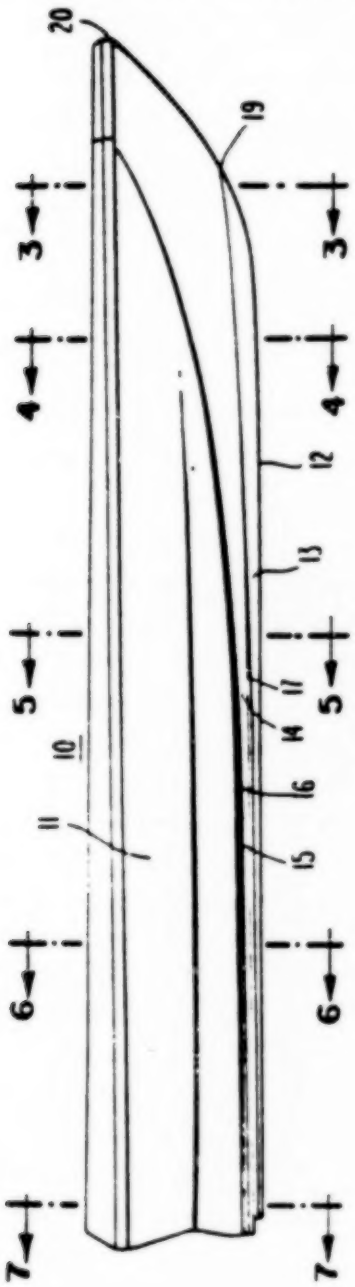


Fig. 1

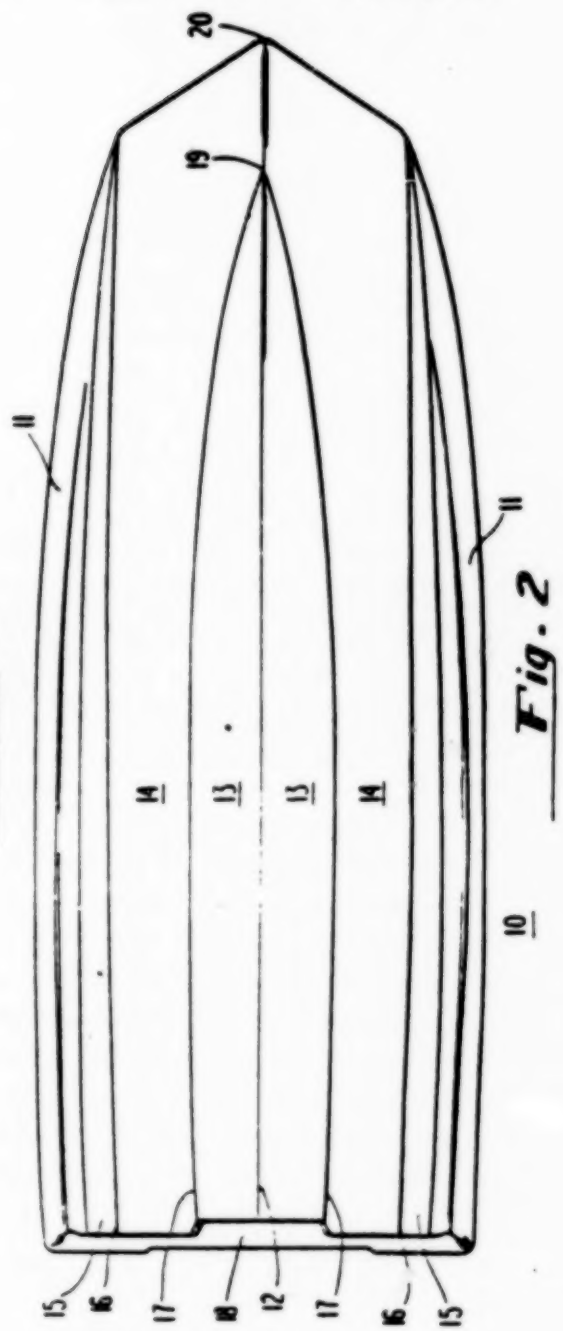


Fig. 2

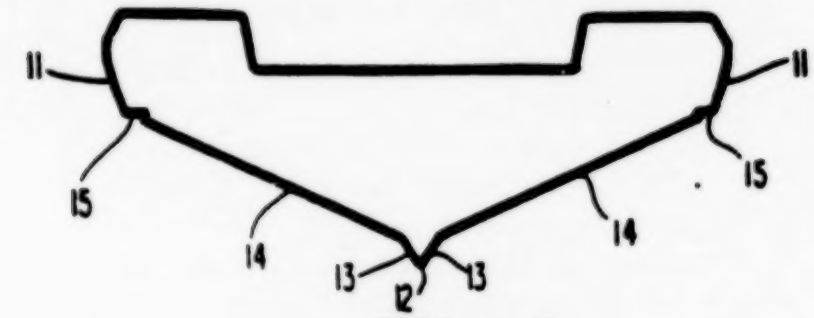


Fig. 3

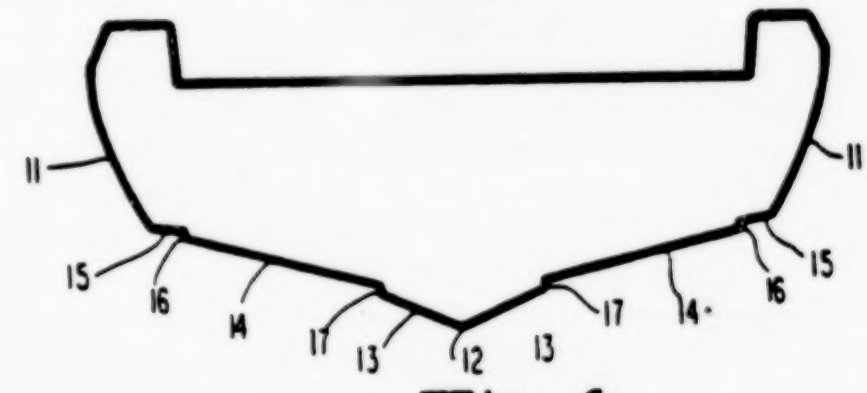


Fig. 4

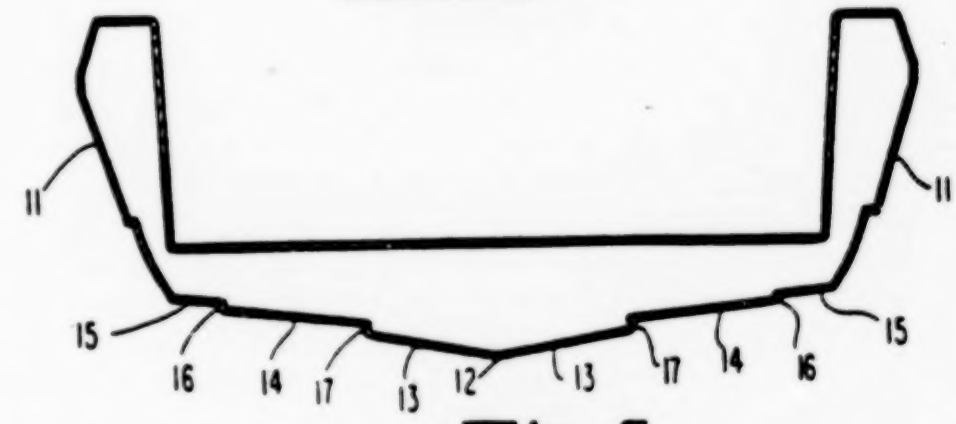


Fig. 5

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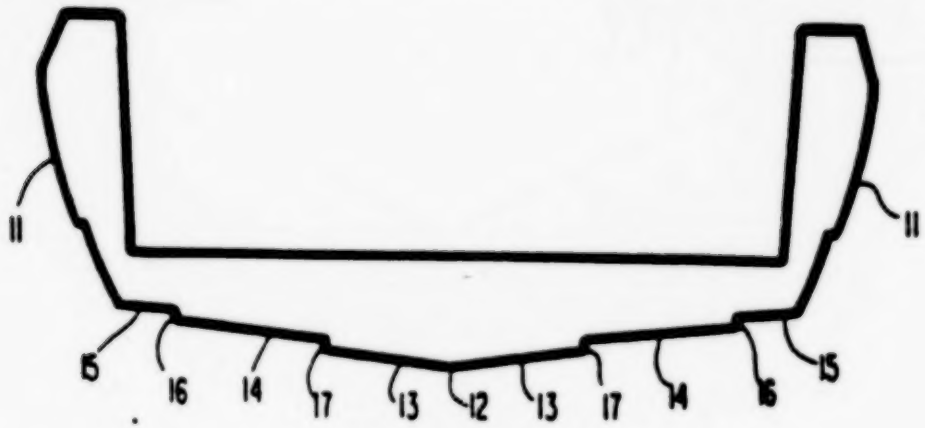


Fig. 6

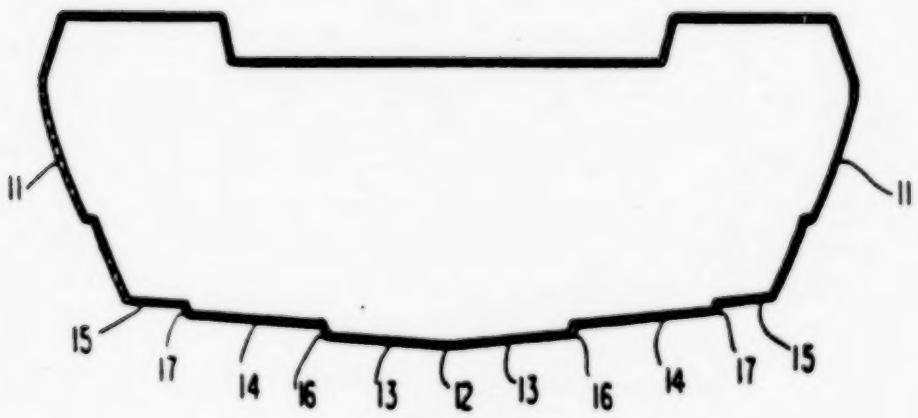


Fig. 7

POWER BOAT HULL

BACKGROUND OF THE INVENTION

Power boats of the general type to which the present invention is directed are known in the trade as bass boats. One of the most popular hulls for a bass boat is the "deep-V" hull, the bottom of which comprises essentially a single panel on either side of the center line or keel of the hull extending to the chine. The bottom has constant dead rise of 21° to 23° of angle from the horizontal. It usually has two stabilizing strips on each side of the keel. However, the deep-V hull requires high horse power for efficient performance, is unstable at low speeds and at rest and, because of deep draft, will not operate in shallow water. The standard V hull requires considerably less power for efficient operation than the "deep-V" and will operate in shallow water. However, it is a notoriously rough rider and has become less popular because of this. Another popular prior art hull is the ABF hull which is a modified deep-V hull with a center pad. The bottom pad panel on either side of the pad has a constant dead rise of 17° and the pad is essentially flat. The ABF hull will operate in shallow water, however, it requires high horse power for efficient performance. A typical ABF hull design is manufactured by Delhi Manufacturing Corporation, Delhi, La. under the model designation Terry American Bass Fisherman (Terry ABF) and is described in the article "There's A New Breed of Bass Boat: The High-Stepping High Performers" by Dave Ellison, Bassmaster Magazine, November/December, 1975, pages 42-51 along with other similar high performance bass boats having a deep or semi-V hull and bottom running pad. Another type of prior art boat hull which requires high horse power for efficient performance is disclosed in Moesly U.S. Pat. No. 3,237,581.

SUMMARY OF THE INVENTION

It is an object of the present invention to provide an improved power boat hull which obtains highly efficient

performance with less horsepower and without the need of power trim which adds several hundred dollars to the cost of the motor in any horsepower range. Thus, it is an object of the invention to provide a less expensive power boat and motor combination, both from an initial standpoint and from subsequent operational costs. It is a further object of the invention to provide an extremely stable hull both while running at all speeds and at rest. It is a still further object of the invention to provide a hull which will operate in extremely shallow water and still give a soft ride. Thus it will be seen that it is an object of the invention to provide a new and improved boat hull which incorporates the best features of the previously described prior art hulls while minimizing the objectionable features.

In accordance with the present invention there is provided a power boat hull having sides and a bottom, the bottom being formed of a series of vertically stepped panels disposed symmetrically on either side of the hull center line, the series of panels on either side of the hull center line including an inboard panel, a center panel and an outboard panel. Vertical risers join the adjacent edges of the center and outboard panels and extend substantially parallel to the hull center line. Vertical risers join the adjacent edges of the center and inboard panels and extend on opposite sides of the hull center line from the stern to a point of intersection on the center line adjacent the bow. The panels are angled upwardly from the horizontal, outwardly of the hull center line with such angularities decreasing between successive panels in the outboard direction at all stations along the length of the hull except at the stern, the angularities of each of the inboard and center panels increasing from the stern toward the bow while the angularities of the outboard panels remain constant.

* * *

United States Patent **Des. 235,753**
Patented July 8, 1975

235,753

BOAT HULL

Harry Bremer, Box 488, Elkhart Lake, Wis. 53020

Filed Oct. 31, 1973, Ser. No. 411,478

Term of patent 14 years
Int. Cl. D12-06
U.S. Cl. D12-62

Fig. 1



Fig. 2

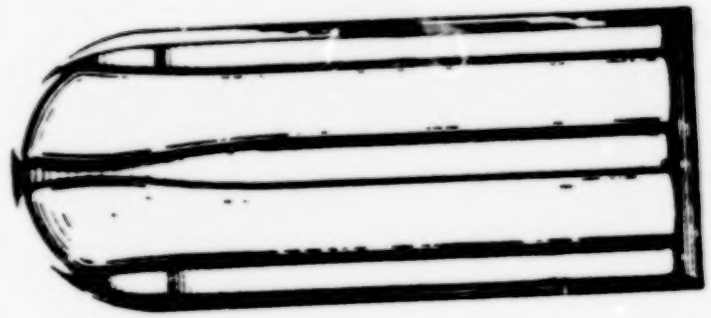


Fig. 3



Fig. 4



FIG. 1 is a side elevation of the boat hull.
FIG. 2 is a bottom view of the boat hull.
FIG. 3 is a view of the bow of the boat hull.
FIG. 4 is a view of the stern of the boat hull.
I claim:

The ornamental design for a boat hull, substantially as shown and described.

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ALAN P. DOUGLAS, Primary Examiner

United States Patent [19] [11] **Des. 246,166**
Meek [45] ****Oct. 25, 1977**

[54] BOAT HULL

[76] Inventor: Robert P. Meek, P.O. Box 234C, Goleta, Calif. 93017

[**] Term: 14 Years

[21] Appl. No.: 665,162

[22] Filed: Mar. 8, 1976

Related U.S. Application Data

[63] Continuation of Ser. No. 496,700, Aug. 12, 1974.

[51] Int. Cl. ..... D12—06
[52] U.S. Cl. D12/62
[58] Field of Search ..... D12/62; 114/66.5 R, 114/66.5 P, 56

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Primary Examiner—Alan P. Douglas
Attorney, Agent, or Firm—Barry L. Haley

[57] CLAIM

The ornamental design for boat hull, as shown and described.

DESCRIPTION

FIG. 1 is a side elevational view of Applicant's boat hull.
FIG. 2 is a bottom plan view of Applicant's boat hull.
FIG. 3 is a cross-section of Applicant's boat hull in a forward portion through line 1—1.

FIG. 4 is a cross-sectional view of Applicant's boat hull in the stern area through line 2–2.
The appearance of the boat hull from the top is substantially the same as the bottom view shown.

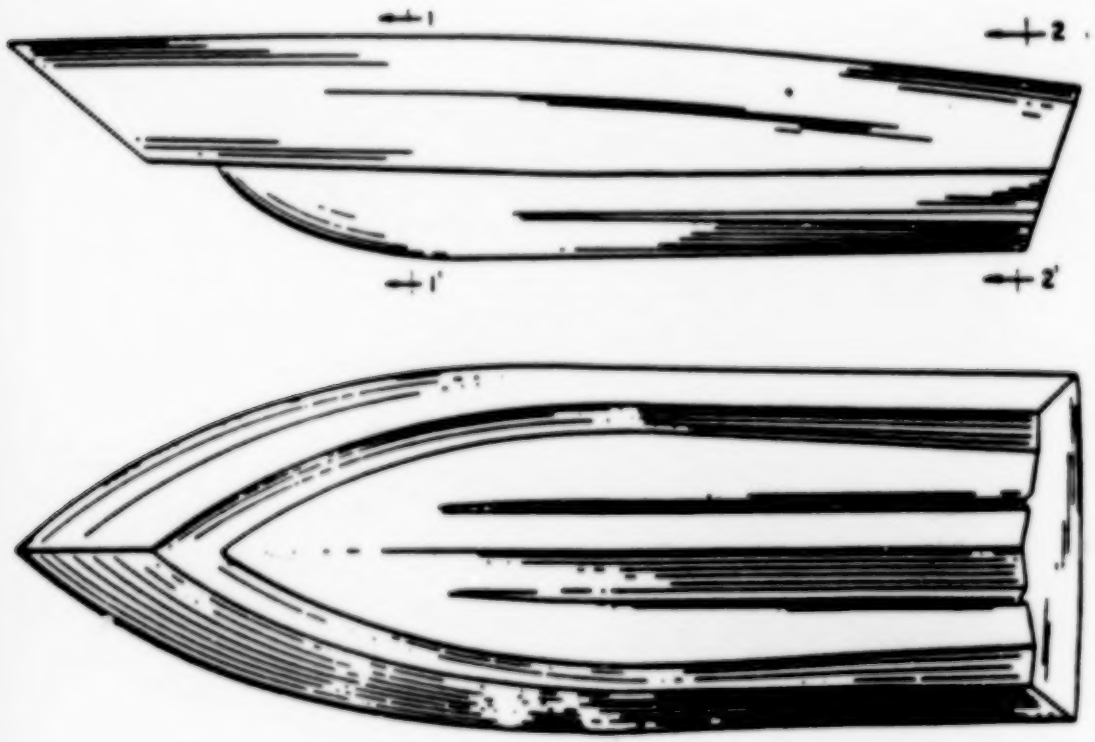




Fig. 1.



Fig. 2.



Fig. 4.



Fig. 3.

United States Patent [11] **Des. 257,530**
Moyer [15] ****Nov. 18, 1980**

[54] BOAT HULL

[76] Inventor: Richard D. Moyer, 45 Ardmore Ave., Hermosa Beach, Calif. 90254

[**] Term: 14 Years

[21] Appl. No.: 871,559

[22] Filed: Jan. 23, 1978

[51] Int. Cl. ..... D12—06
[52] U.S. Cl. D12/70; D12/62
[58] Field of Search D12/62, 70; 114/56, 114/61, 290, 288, 291

[56] References Cited

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Primary Examiner—Sam Rosen
Attorney, Agent, or Firm—Thomas P. Mahoney

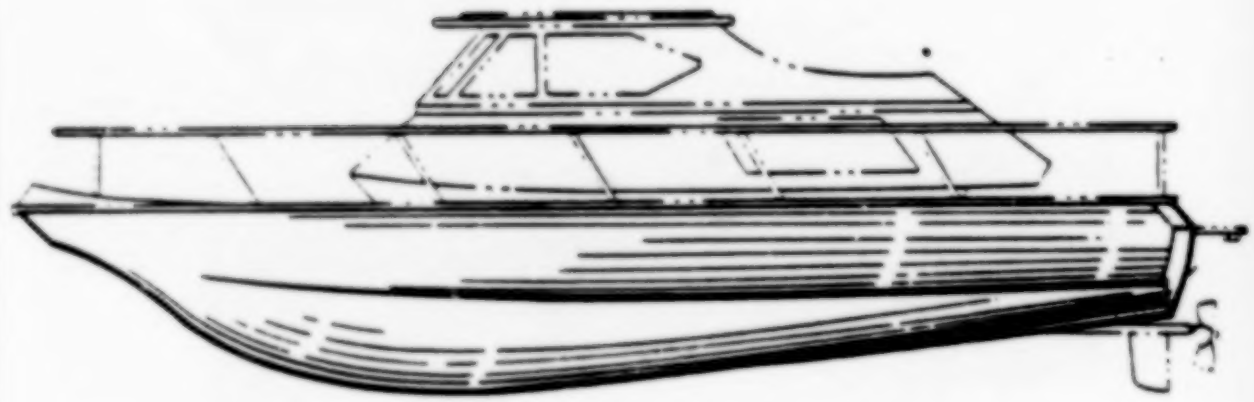
[57] CLAIM

The ornamental design for a boat hull, as shown and described.

DESCRIPTION

FIG. 1 is a side view of my boat hull design with the portion represented in phantom line being for illustrative purposes only and not forming a part of my design;
FIG. 2 is a top view thereof;
FIG. 3 is a bottom view thereof;
FIG. 4 is a front view thereof;
FIG. 5 is a rear view thereof;
FIG. 6 is a view taken along the line 6—6 of FIG. 2;

FIG. 7 is a view taken along the line 7—7 of FIG. 2; and
FIG. 8 is a view taken along the line 8—8 of FIG. 4.



U.S. Patent Nov. 18, 1980 Sheet 1 of 2 Des. 257,530

Fig. 1.

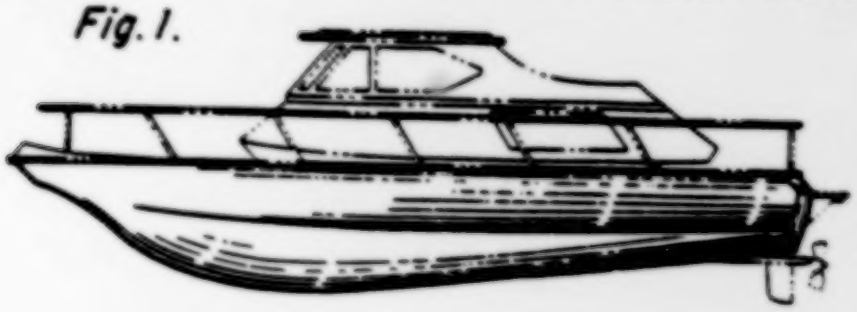


Fig. 2.

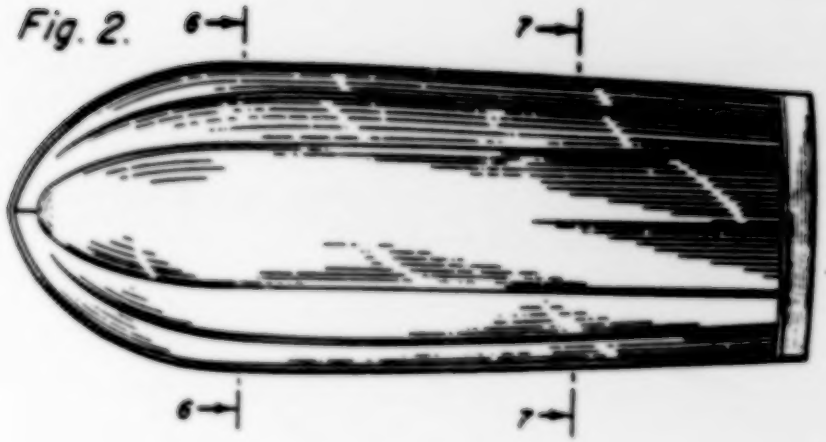
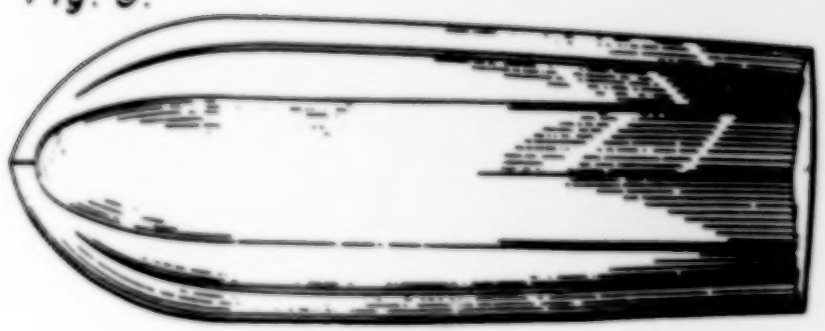


Fig. 3.



U.S. Patent Nov. 18, 1980 Sheet 2 of 2 Des. 257,530

Fig. 4.

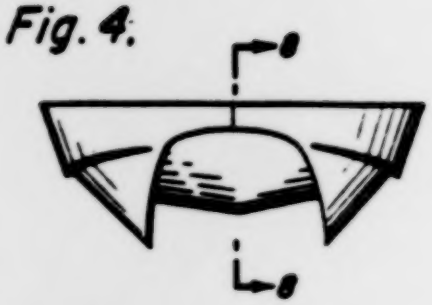


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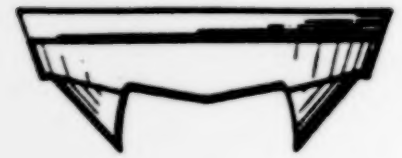


Fig. 6.



Fig. 7.



Fig. 8.



Dec. 31, 1968 R.L. SMITH 3,419,646

METHOD FOR MAKING AN EARTH PIT MOLD FOR A PLASTIC BOAT HULL

Filed Sept. 13, 1966

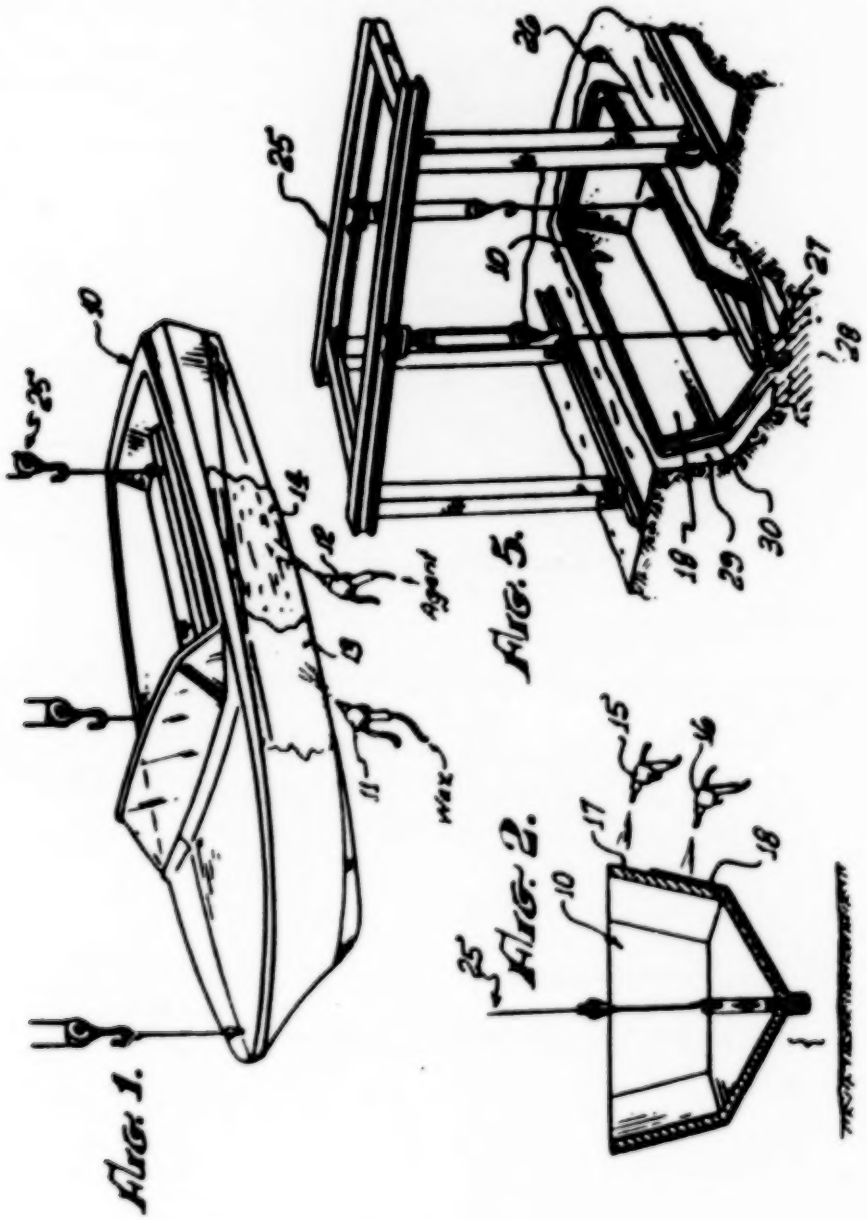


Fig. 1.

Fig. 5.

Fig. 2.

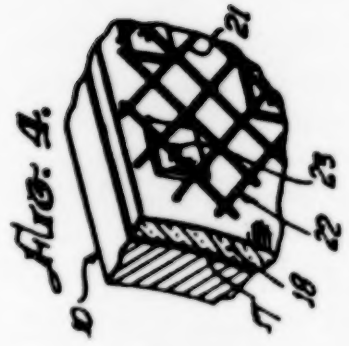


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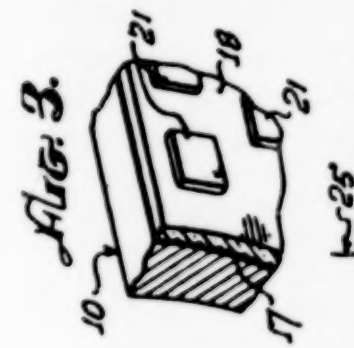


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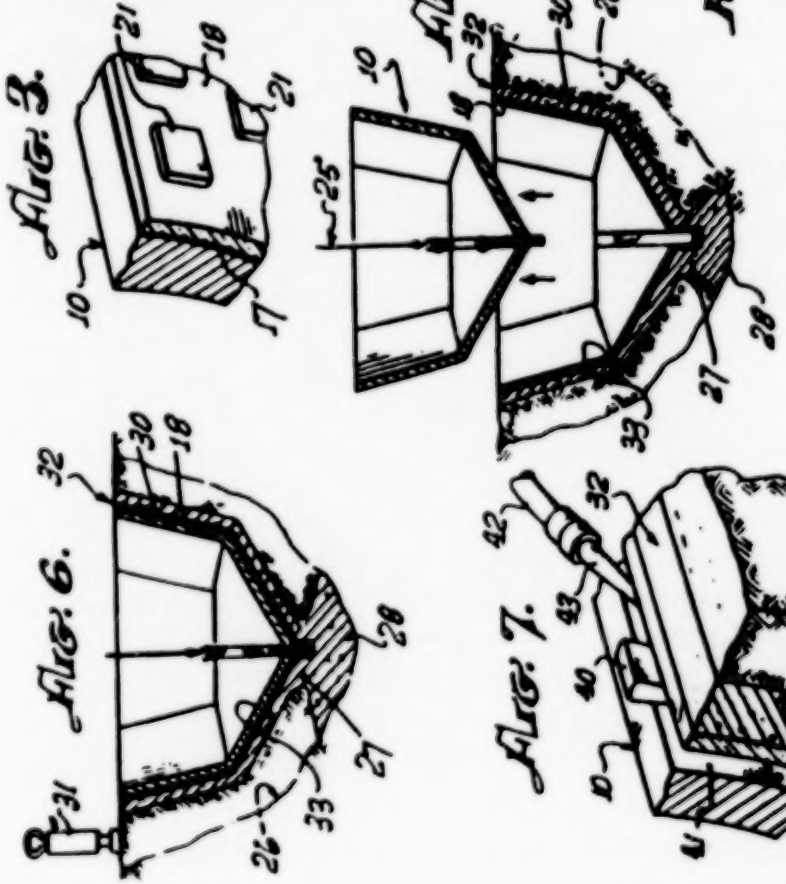


Fig. 8.

Fig. 6.

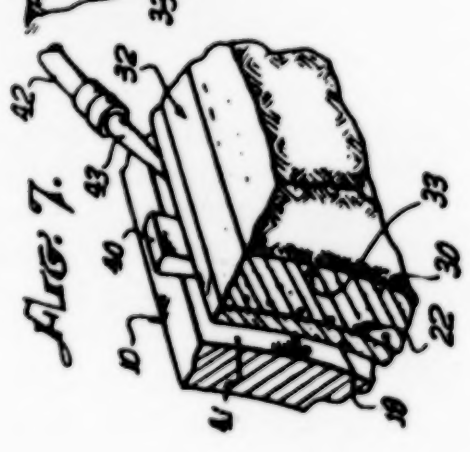


Fig. 7.

INVENTOR.
ROBERT L. SMITH,
By Edmund F. Hamilton
ATTORNEY.

United States Patent Office 3,419,646
Patented Dec. 31, 1968

3,419,646

METHOD FOR MAKING AN EARTH PIT MOLD FOR A PLASTIC BOAT HULL

Robert L. Smith, 1331 33rd St.,
Bakersfield, Calif. 93301

Filed Sept. 13, 1966, Ser. No. 579,090
7 Claims. (Cl. 264—32)

This invention relates generally to the making of a mold to duplicate very large plastic objects, such as a fiber glass boat hull.

More particularly, the invention relates to such a method in which a prototype hull is first coated in several layers to form a precisely fitting mold liner structure, and thereafter, a massive mold supporting structure is formed from successive applications of steel reinforcing, spray-deposited concrete, and tamped earth, within a mold-accommodating pit.

Plastic-covered fiber glass has become the most widely accepted material for small boat hulls. Beginning a few years ago with pleasure boat hulls ten or twelve feet long, fiber glass construction has slowly displaced wood as the most popular material in boat hulls of greater and greater length. At the present time, fiber glass boat hulls between thirty and fifty feet in length are not uncommon and may come to dominate the field.

Although such boat hulls are referred to as "small," because they are small in size relative to the full range of boats and ships, they must be considered as enormous plastic moldings, since they dwarf almost all objects molded from plastic outside the boat hull field. However, it will be understood that large objects other than boat hulls are being fabricated from fiber glass plastic, and the method

method prescribed herein is intended to be claimed with respect to other large objects, although its best present use and the following explanation of its application, is made with reference to a boat hull which is large with reference to the molded dories and outboard motor boats which have been mass-produced from fiber glass plastic in past years.

The construction of a mold for the larger plastic molded boat hulls has, in the past, required a major capital investment for each mold. It is a major object of the present invention to provide a method for making large molded boat hull molds at very low cost, once a prototype hull has been provided. Such a hull may be a fiber glass boat hull built from an extremely expensive prototype model or the prototype hull may be a wooden hull constructed by conventional means, which it is now desired to reproduce in fiber glass.

By means of the method herein disclosed, a number of relatively inexpensive molds may be constructed in order to expand production facilities. On the other hand, no costly and expensive mold of large size needs to be stored, as long as a single prototype of the desired boat hull is available from any source. Finally, a very large mold can be stored conveniently in many shipyards and boatworks, since the mold of the first construction is supported below the surface of the earth and may be filled in to ground level when not in use, and then excavated later.

Large boat hull molds presently constructed require massive external reinforcing. This reinforcing is generally of steel, and has several undesirable characteristics. It is subject to temperature expansion and contraction. The massive weight of the hull may cause the mold to be deformed in the later stages of construction. It is a major object of the present invention to eliminate most of the costly steel bracing and supporting structure, and to provide an even stronger structure comprised of reinforced concrete and tamped earth in an earth pit.

Another major object of the invention is to provide a massive boat hull mold in which the mold is lined with a fine, smooth, and perfectly duplicating liner surface, and supported on a mold support structure as previously mentioned, but in which the entire mold construction, both liner and mold support, are unitary and integrated in a single solid unit. Large molds of the past have often been subject to failure because the liner and the mold support were not truly unitary in construction, and one part yielded to the destructive deformation of the other.

The foregoing, and other objects and advantages of the invention will be undertsood from the following description of one preferred method for the practice of the invention, the steps of said method being illustrated in the accompanying drawings, in which:

FIGURE 1 is a perspective view of a prototype hull, which is shown suspended from the pulleys of a travelling crane, while it receives certain mold-release coatings;

FIGURE 2 is a transverse sectional view of the prototype hull of FIGURE 1, as it receives the plastic liner material which is used to form the precision fitting inner surface layer of the mold;

FIGURE 3 is a perspective view of a fragment of the prototype hull, shown partly in section, and revealing the step of attaching furring patches;

FIGURE 4 is a perspective view of the fragment of FIGURE 3, showing the step of attaching steel netting reinforcement spaced outward from the mold liner layer;

FIGURE 5 is a perspective view of the prototype hull, transversely sectioned at about mid-length, as it appears in the mold-supporting pit, after the application of cement;

FIGURE 6 is a transverse sectional view of the prototype hull and mold showing the step of tamping earth into mold-supporting position;

FIGURE 7 is a perspective view of an enlarged fragment of hull, mold, and earth, seen partly in cross-section, and showing the wedge and water nozzle used for achieving the separation of the prototype hull; and

FIGURE 8 is a transverse sectional view of the mold pit and the prototype hull as it is lifted out of the pit-supported mold produced by the process of the invention.

In FIGURE 1, a prototype hull 10, which it is desired to reproduce, is shown in perspective as it is supended from a crane. Usually, the prototype will itself be a fiberglass plastic boat, but it is to be understood that the method of the invention is well-suited to making fiber glass reproductions of suitable steel or wood hulls.

• • •

It will be seen from the foregoing description that I have provided a novel and extremely economical method for building boat hulls of the largest size deemed practical for fiber glass construction. It should be understood that the scope of the invention is not limited to the details and precise dimensions set forth for purposes of illustration in the foregoing example, which was described in specific detail. Instead, all modifications, variations, and improvements which fall within the scope of the following claims are included within the scope of the present invention.

What is claimed is:

1. A method for making a mold for reproduction in plastic construction of a prototype hull or the like, which method includes the steps of:

preparing a surface of said prototype hull with a coating of water-soluble mold release materia;

depositing a mold liner layer of plastic material over said mold release coating;

attaching furring spacers to said plastic coating;

curing said liner coating;

attaching reinforcing mears to said furring means:

supporting said prototype hull in an upwardly opening position in an earth pit having sides spaced away from the outer coated sides of said hull partly by suspension from above and partly by resting the lowermost surface of said hull in a pad of soft concrete in the bottom of said pit;

spraying a wet concrete mixture over the plastic coating, and said reinforcing and furring means, on the outer surfaces of said hull to make a rigid mold support structure in the form of a concrete shell integral with said liner layer;

after said concrete shell has hardened, filling the space in said earth pit outside the shell with packed earth to firmly support said mold; and

introducing water between the outer surface of said prototype hull and said mold liner layer, to wash away said water soluble mold release material and permit the withdrawal of said prototype hull.

* * *

Supreme Court, U.S.
FILED
SEP 15 1988
JOSEPH F. SPANIOL, JR.
CLERK

No. 87-1346

IN THE

Supreme Court of the United States

OCTOBER TERM, 1988

BONITO BOATS, INC.,

Petitioner,

v.

THUNDER CRAFT BOATS, INC.,

Respondent.

On Writ of Certiorari to the Supreme Court of the State of Florida

BRIEF OF AMICUS CURIAE CERTIFIED AUTOMOBILE PARTS ASSOCIATION IN SUPPORT OF RESPONDENT

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(Counsel of Record)
JAMES F. FITZPATRICK
ROSS E. GETMAN

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September 15, 1988

PRESS OF BYRON S. ADAMS, WASHINGTON, D.C. (202) 347-8203

QUESTION PRESENTED

May a state, consistent with the Federal Copyright Act and the Supremacy Clause of the Constitution, prohibit a method of copying artistically crafted, useful, three dimensional works, when the Copyright Revision Act of 1976 authorizes a federal copyright for some such works and directs that all rights prohibiting the copying of works "within the subject matter of copyright" be governed exclusively by that Act?

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No. 87-1346

IN THE

Supreme Court of the United States

OCTOBER TERM, 1988

BONITO BOATS, INC.,

Petitioner,

v.

THUNDER CRAFT BOATS, INC.,

Respondent.

On Writ of Certiorari to the Supreme Court of the State of Florida

BRIEF OF AMICUS CURIAE CERTIFIED AUTOMOBILE PARTS ASSOCIATION IN SUPPORT OF RESPONDENT

The Certified Automobile Parts Association ("CAPA"), as *amicus curiae*, submits this brief in support of the holding below that the Florida mold statute is preempted by federal law.[1]

INTEREST OF AMICUS CURIAE

The Certified Automobile Parts Association was formed in order to ensure that replacement parts for the repair of damaged automobiles meet the highest quality standards for fit, finish and corrosion protec-

[1] This brief is filed with the consent of the parties.

tion. It was created by, and is comprised of, numerous automobile insurance companies, distributors of replacement parts, and consumer groups.

In particular, CAPA's purpose is to ensure that high quality non-original equipment manufacturer (non-OEM) replacement parts are available to the American public. Such non-OEM parts are generally copied from OEM parts which are not the subject of patents or registered copyrights. The use of non-OEM replacement parts promotes competition, savings and safety. The members of CAPA estimate that such competition results in savings to consumers of hundreds of millions of dollars per year in the form of lower insurance premiums.

CAPA is concerned that if the Florida mold statute is upheld in this case, similar state laws will be used to prevent the manufacture and sale of non-OEM crash parts which are copied from OEM parts that are unprotected by either the federal patent or copyright laws.

STATEMENT OF THE CASE

The Florida Supreme Court ruled that the Florida Mold Law was preempted by the federal patent laws. In so ruling, the Florida Supreme Court did not consider whether the Florida Mold Law was also preempted by Section 301 of the Copyright Revision Act of 1976 ("Federal Copyright Act" or "Act"). 17 U.S.C. § 301. Section 301 directs that rights to prohibit the copying of certain works, which may include useful articles such as vessel hulls or component parts of a vessel, are to be governed exclusively by the Federal Copyright Act and no person is entitled to any equivalent right under the laws of any state.

Certain amici curiae supporting petitioner have addressed the Federal Copyright Act issues and argued that Section 301 does not preempt state plug molding statutes. *See* Brief of Amici Curiae Orange County Patent Law Association and the Los Angeles Patent Law Association, at 15 *et seq.* Although the copyright issues were not expressly addressed below, they are within the scope of the preemption question under federal law and the Supremacy Clause of the Constitution on which *certiorari* was granted and present an alternative basis on which to sustain the judgment of the Florida Supreme Court.

SUMMARY OF ARGUMENT

The Florida mold statute extends a limited right against copying to any manufacturer of a "vessel hull or component part of a vessel." Fla. Stat. Ann. § 559.94 (West 1988). The statute accords these manufacturers the exclusive right to "duplicate" such vessels or component parts according to a common industrial method known as plug molding. The statute also accords such manufacturers the exclusive right to sell a vessel or component reproduced by the plug molding method.

The state statute runs afoul of the preemption provision of the Federal Copyright Act and is therefore unconstitutional under the Supremacy Clause of the United States Constitution. Section 301 of that Act provides that no person is entitled to a right against copying or "equivalent right" under the "statutes of any State" with regard to "works of authorship" that "come within the subject matter of copyright" as denominated in the Act. 17 U.S.C. § 301. Vessels and components, whose copying is forbidden by the Florida statute, are works of authorship that fall within

the "sculptural works" subject matter category of the Federal Copyright Act. 17 U.S.C. § 102. Accordingly, the Florida statute, in providing such state copyright protection, is explicitly preempted by Section 301 of the Federal Copyright Act.

It may well be, as certain amici assert, that most vessel hulls or component parts of vessels do not meet all of the standards for federal copyright protection. But preemption is not to be determined hull by hull or component by component, after an assessment of the intricate design separability and other criteria requisite for federal copyright protection. That particularized approach would lead to the conflict among courts and uncertainty among authors and copiers which Congress urgently sought to avoid. Congress intended that preemption be determined by a straightforward assessment of whether a state law applies to general categories of works, such as "sculptural works," which the federal act explicitly embraces as the "subject matter of copyright." If the state law applies to such categories, as does the Florida law, then the state law is preempted.

In more than a decade of legislative deliberation with respect to the Federal Copyright Act, Congress carefully crafted what are now the governing federal/state boundaries for intellectual property protection. Section 301 represents "one of the bedrock provisions of the bill." H.R. Rep. No. 94-1476, 94th Cong., 2d Sess. 129 (1976); S. Rep. No. 94-473, 94th Cong., 1st Sess. 112 (1975).

> In that Section, Congress intended:
>
> "to preempt and abolish any rights under the common law or statutes of a State that are

> equivalent to copyright and that extend to works coming within the scope of the Federal copyright law. The declaration of this principle in *Section 301 is intended to* be stated in the clearest and most unequivocal language possible, so as to *foreclose any conceivable misinterpretation of its unqualified intention that Congress shall act preemptively, and to avoid the development of any vague borderline areas between State and Federal protection."* H.R. Rep. No. 94-1476, 94th Cong., 2d Sess. 130 (1976); S. Rep. No. 94-473, 94th Cong., 1st Sess. 114 (1975). (Emphasis added.)

Pursuant to its desire to establish a clear demarcation between allowable state and federal protection against copying, Congress decided that federal preemption of rights against copying would apply to all works within the "general subject matter" of the copyright law, without regard to whether a particular work meets all the precise federal standards for copyright protection. The Congressional reports state:

> "As long as a work fits within one of the *general subject matter categories* of sections 102 and 103, the bill preempts the States from protecting it even if it fails to achieve Federal statutory copyright because it is too minimal or lacking in originality to qualify, or because it has fallen into the public domain." H.R. Rep. No. 94-1476, 94th Cong., 2d Sess. 130-31 (1976); S. Rep. No. 94-473, 94th Cong., 1st Sess. 114 (1975). (Emphasis added.)

Congress rejected a proposal that would have made preemption decisions as to state laws forbidding the copying of particular works turn on whether federal copyright protection was "available" or "not available" for such works.[2] Instead, Congress directed preemption of state laws prohibiting the copying of any works within the general scope of the federal law without regard to the particular characteristics of such works. The Florida law falls squarely within the ban of Section 301 of the Federal Copyright Act and is therefore preempted by federal law.

ARGUMENT

I. SECTION 301 OF THE FEDERAL COPYRIGHT ACT DESCRIBES THE KINDS OF STATE LAWS PREEMPTED BY THE ACT. THIS DESCRIPTION PRECISELY FITS THE FLORIDA MOLD STATUTE.

Section 301 of the Federal Copyright Act sets out the broad areas of intellectual property protection where federal law is to be supreme. Preemption is demanded of state laws which:

1. extend "legal or equitable rights that are equivalent to any of the exclusive rights within the general scope of copyright as specified by section 106"; and
2. deal with "works of authorship" which are
   a. "fixed in a tangible medium of expression"; and
   b. "come within the subject matter of copyright as specified by sections 102 and 103." 17 U.S.C. § 301(a).

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[2] *See Copyright Law Revision, Part 3: Preliminary Draft for Revised U.S. Copyright Law*, 88th Cong., 2d Sess. 18 (September 1964).

All copyright matters in this realm are to be "governed exclusively by this title." *Id.* And "no person is entitled to any such right or equivalent right in any such work under the common law or statutes of any state." *Id.*

As discussed below, the Florida statute trenches on these provisions of Section 301.[3]

A. The Florida Law Provides Rights Equivalent to Those Accorded by the Federal Copyright Act.

The Florida mold statute clearly satisfies the first requirement of copyright preemption by affording state rights "equivalent" to copyright. Section 106, referenced in Section 301, gives the owner of a federal copyright "the exclusive rights" to "reproduce the copyrighted work in copies" and "to distribute copies . . . of the copyrighted work to the public by sale." 17 U.S.C. § 106. Thus, Section 106 makes it unlawful for anyone but the copyright owner to reproduce by any means (including plug molding) or to sell such works as are protected by the Federal Copyright Act. The reproduction of an article eligible

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[3] Commentators have recognized that state laws such as the one at issue here are preempted. *See, e.g.*, Brown, *Design Protection: An Overview*, 34 U.C.L.A. 1341, 1381 (1987) ("Design is within the copyright subject matter of 'pictorial, graphic, and sculptural works.' Therefore, state law cannot forbid the copying of designs"); Denicola, *Applied Art and Industrial Design: A Suggested Approach to Copyright in Useful Articles*, 67 Minn. L. Rev. 707, 725, n.88 (1983) (under *Goldstein* state protection of such works is preempted because "Congress has in fact drawn a balance with respect to industrial designs"); Brown, *Unification: A Cheerful Requiem for Common Law Copyright*, 24 U.C.L.A. 1070, 1090-96 (1977) (state protection of the design of useful articles is preempted).

for protection under the Federal Copyright Act by the molding technique described by the Florida law would unquestionably violate Section 106.

Without doubt, therefore, the Florida law conveys rights at least "equivalent," and to a degree identical, to "the exclusive rights within the general scope of copyright as specified by Section 106" in that it prohibits anyone from reproducing by one means (plug molding), or to sell, works protected by the state law.[4] The fact that the Florida law does not prohibit reproduction by every possible means is irrelevant under Section 301. Equivalency to "*any*" Section 106 right is the test under Section 301.[5]

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[4] The Congressional reports indicate that Section 301 "is not intended to preempt common law protection in cases involving activities such as false labeling, fraudulent representation, and passing off." H.R. Rep. No. 94-1476, 94th Cong., 2d Sess. 132 (1976); S. Rep. No. 94-473, 94th Cong., 1st Sess. 116 (1975). The Florida statute does not address any of these activities.

[5] That a state claim may require an element of proof in addition to those necessary to prove copyright infringement does not avoid preemption unless the additional element makes the nature of the action qualitatively different from a claim for infringement under the Federal Copyright Act and thus not equivalent. *See, e.g., Mayer* v. *Josiah Wedgwood & Sons, Ltd.*, 601 F. Supp. 1523, 1535 (S.D.N.Y. 1985) ("That extra element . . . must be one which changes the nature of the action so that it is *qualitatively* different from a copyright infringement claim"); *accord Del Madera Properties* v. *Rhodes & Gardner, Inc.*, 820 F.2d 973, 977 (9th Cir. 1987). Here, both the federal and Florida statute prohibit the same act—copying. The state statute prohibits copying by a particular means, while the federal statute prohibits copying by any means. *See, e.g., Financial Information, Inc.* v. *Moody's Investor Serv.*, 808 F.2d 204, 208 (2d Cir. 1986) (state law claims based on "misappropriation" are preempted).

B. The Florida Law Deals with Works Which Are "Fixed in a Tangible Medium of Expression."

The Florida law deals with works which "are fixed in a tangible medium of expression" as that term is used in Section 301 of the Federal Copyright Act and defined in 17 U.S.C. § 101. Section 101 provides:

> "[a] work is fixed in a tangible medium of expression when its embodiment in a copy . . . by or under the authority of the author, is sufficiently permanent or stable to permit it to be perceived, reproduced, or otherwise communicated for a period of more than transitory duration . . . ." 17 U.S.C. § 101.

A "vessel hull or component part of a vessel" clearly falls within this description.

This is a matter of considerable significance to a preemption analysis, for Congress, by adopting the "fixed-in-a-tangible-medium-of-expression" standard in Section 301, meant to

> "accomplish a fundamental and significant change in the present law. Instead of a dual system of 'common law copyright' for unpublished works and statutory copyright for published works, which has been the system in effect in the United States since the first copyright statute in 1790, the bill adopts a single system of Federal statutory copyright from creation. Under section 301 a work would obtain statutory protection as soon as it is 'created' or, as that term is defined in section 101, when it is 'fixed in a copy or phonorecord for the first time.' *Common law copyright protection for works coming within*

the scope of the statute would be abrogated, and the concept of publication would lose its all-embracing importance as a dividing line between common law and statutory protection and between both of the forms of legal protection and the public domain.

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On the other hand, section 301(b) explicitly preserves common law copyright protection for one important class of works: works that have not been 'fixed in any tangible medium of expression.' Examples would include choreography that has never been filmed or notated, an extemporaneous speech, 'original works of authorship' communicated solely through conversations or live broadcasts, and a dramatic sketch or musical composition improvised or developed from memory and without being recorded or written down." H.R. Rep. No. 94-1476, 94th Cong., 2d Sess. 129, 131 (1976); S. Rep. No. 94-473, 94th Cong., 1st Sess. 112-15 (1975). (Emphasis added.)

Vessel hulls and components are not among the class of works Congress saved from preemption.

C. The Florida Law Deals with "Works of Authorship" Which Are "Within the Subject Matter of Copyright."

1. Vessel Hulls and Components Are "Sculptural Works" and Thus "Within the Subject Matter of Copyright."

The mold statute meets the last condition for preemption under Section 301 because the "vessel

hull[s] or component part[s] of a vessel" which are the subject of the Florida law are "works of authorship" that "come within the subject matter of copyright" as specified by Sections 102 and 103 of the Federal Copyright Act.

Section 102 of the Act is the provision directly relevant here.[6] 17 U.S.C. § 102. That Section is headed: "Subject matter of copyright: In general."[7] The section deals with "works of authorship" and "*include*[*s*]" as subject matter "categories" the following:

> "Copyright protection subsists . . . in original works of authorship fixed in any tangible medium of expression . . . . Works of authorship include the following categories:
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> • • •
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> (5) . . . sculptural works."[8] (Emphasis added.)

Congress generally described the "sculptural works" category in Section 101 so as to "include . . . three-dimensional works of . . . *applied* art." 17 U.S.C. § 101. (Emphasis added.)

Vessel hulls and components which are subject to the Florida statute and presented in this litigation are, of course, aesthetically designed to appeal to the public and comprise "three dimensional works of . . .

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[6] Section 103 of the Act deals with "compilations and derivative works" and is not relevant here. 17 U.S.C. § 103.

[7] The heading was enacted by Congress, and was not added merely by the compiler of the code. *See* 90 Stat. 2541, 2544 (1976); 17 U.S.C. § 102.

[8] Section 101 states that "The terms 'including' and 'such as' are illustrative and not limitative." 17 U.S.C. § 101.

applied art." For the convenience of the Court we have included in Appendix B to this brief a number of dramatic examples of nautical applied art that would be subject to the Florida mold law. These examples include ornamentally carved vessel hulls and figureheads traditionally incorporated as component parts of the bow structures of sailing vessels. Applied artistry is equally well expressed in the sleek, sculptural lines of modern motor powered boats as in these examples of sail and human powered boats.

2. A Sculptural Work May Have a Utilitarian Function, as a Boat Hull or Component.

That a sculptural work is intended to be mass produced as a utilitarian device does not remove it from the illustrative "categories" of things which are the "subject matter of copyright." H.R. Rep. No. 94-1476, 94th Cong., 2d Sess. 54 (1976); S. Rep. No. 94-473, 94th Cong., 1st Sess. 53 (1975). This Court taught in *Mazer* v. *Stein*, 347 U.S. 201 (1954), that a work otherwise within the subject matter of the copyright statute (there the 1909 Act) did not lose its eligibility for federal copyright protection merely because it was reproduced as a utilitarian device.

In enacting the Copyright Act of 1976, Congress chose to follow *Mazer* v. *Stein*, and particularly acknowledged in Section 101 that the category of "sculptural works" could include as a subcategory: "works of artistic craftsmanship," which in turn could include as a further subcategory: a "useful article." Many sculptural works which are works of artistic craftsmanship and useful articles are registered annually in the federal copyright register. Included are such things as lamps, slippers, belt buckles, ash trays,

and candlesticks.[9] *See, e.g., Mazer*, 347 U.S. at 219, 221 (Douglas, J., concurring). All such works are "the subject matter of copyright."

II. PREEMPTION EXTENDS TO GENERAL SUBJECT MATTER CATEGORIES OF THE FEDERAL COPYRIGHT ACT WITHOUT REGARD TO WHETHER PARTICULAR ITEMS WITHIN THE CATEGORIES MEET ALL THE TESTS FOR COPYRIGHT PROTECTION.

Amici supporting the petitioner assert that "sculptural works" which are also "useful articles" can only draw protection from the Federal Copyright Act if their designs incorporate sculptural features that can be identified separately from and are capable of existing independently of the utilitarian aspects of the articles. They claim that boat hulls "would be expected to not have" such features and that there is no issue of preemption except with respect to a particular vessel hull or component that meets every test of federal copyright protection. Brief of Amici Curiae Orange County Patent Law Association and the Los Angeles Patent Law Association, at 17-19.[10]

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[9] Federal copyright registrations are listed at the Library of Congress by author, artist or designer—not by type of work. Thus, it has not been possible to search the tens of thousands of copyrights registered in order to catalog for this brief all the various examples of sculptural works which have been registered under the Act and perforce whose copying could not properly be regulated by state copyright statutes such as those, for example, of Florida, Fla. Stat. Ann. § 559.94(1)(a) (applying to "vessel hull[s] and "component part[s] of a vessel") or Michigan, Mich. Comp. Laws § 445.622 (Supp. 1988) (applying to "any manufactured item") or California. Cal. Bus. & Prof. Code § 17300(a) (West 1987) (applying to "any manufactured item").

[10] Amici cite no support for their expectation. We assert a

To be sure, in order to be *registrable* under the Federal Copyright Act the design of a particular useful article must incorporate certain sculptural features that can be identified separately from the utilitarian aspects of the article and the design must meet the Act's other requirements of registration, such as being "original" and not being in the public domain, etc. *See* 17 U.S.C. § 102; 17 U.S.C. § 405.[11] And for purposes of argument we may assume that many specific vessel hulls and component parts of vessels will not

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contrary expectation based on the highly sculptural vessel hulls and components in the appendix to this brief. But in any event the separability characteristics go to an article's eligibility for copyright protection under the Act and not the "subject matter of copyright" under Section 301.

Although they argue against preemption in respect of Petitioner's particular boat hull, the Orange County Patent Law Association and the Los Angeles Patent Law Association acknowledge in their amicus brief that:

> "The subject matter of federal copyright is very broad, and includes many types of three-dimensional works which might be duplicated by plug molding." *Id.* at 12.

They further acknowledge that a "particular boat hull feature" may be "copyrightable subject matter" but urge a limiting construction of the state statute so as to avoid the obvious federal preemption. *Id.* at 18-19. Amici overlook the language of the Florida statute which forbids copying not only of a "vessel hull" but of a "component part of a vessel."

[11] Under the Act, *registration* of a copyright claim is not a condition of copyright protection. 17 U.S.C. § 408(a). We use the word "registrable" in this brief, however, in order to avoid the ambiguity in the word "copyrightable" and as a shorthand for the phrase "eligible for copyright protection under the statute." The word "copyrightable" is ambiguous in that it can be used in both a constitutional and statutory sense.

meet the separability test and are not protected from copying under the Act (although some surely do and are).

But that a particular vessel hull or a particular component part of a vessel might not be *registrable* because of deficiencies in its design is irrelevant to the preemptive reach of Section 301. Congress intended that preemption was to be based on general categories of works, not specific items. Some sculptural works are eligible for copyright protection and some not. But constitutional determinations of state law preemption are not to be made hull by hull or component by component. *All* sculptural works are within one of the "categories" described by Section 102 as "within the subject matter of copyright" and thus within the preemptive scope of Section 301. Section 301 voids all state efforts to restrict copying of objects generally within any of the "categories" specified by Section 102 as illustrative of the "subject matter of copyright," and that includes *all* objects of a type that can be described as "sculptural works."

The protection afforded by the Florida mold law is precisely what this Court forbade in *Sears/Compco*: "when an article is unprotected by a . . . copyright, state law may not forbid others to copy that article." 376 U.S. at 237. Even in *Goldstein*, where this Court upheld a state copyright law, it ruled that where Congress has established standards for federal protection of a certain "category" of articles, those standards describe not only which "articles in this particular category Congress wished to protect, *but which configurations it wished to remain free*" and state efforts to "prevent the copying of articles which did not meet the requirements for federal protection . . . necessar-

ily gave way under the Supremacy Clause of the Constitution." 412 U.S. at 569-70. (Emphasis added.) It is only with regard to categories "[where] Congress has drawn no balance . . . [but] has left the area unattended" that states are free to act. *Id.* at 570. "[S]culptural works" is not such a category. *See Decorative Aides Corp.* v. *Staple Sewing Aides Corp.*, 497 F. Supp. 154, 160 (S.D.N.Y. 1980), *aff'd*, 657 F.2d 262 (2d Cir. 1981) (state law forbidding copying of uncopyrightable drapery header preempted under Supremacy Clause).

A "categories" approach to preemption is demanded under the principles established in these cases and the structure and purpose of the Federal Copyright Act. Otherwise, there will be two systems of copyright protection providing conflicting rights: a federal system of copyright providing limited protection for those particular sculptural works which meet the federal tests of registrability and as many as 50 state systems of copyright providing perhaps perpetual protection for sculptural works which do not meet those federal standards. Producers of original works, copiers and the courts will be thrust into a maelstrom of confusion, the whole notion of uniform federal standards will be in shambles, and any realm of free competition will disappear.

It often is difficult to determine whether a particular sculptural work will be *registrable*, especially if it is a useful article. The cases considering the registrability on the federal copyright register of particular sculptural works are difficult to harmonize and the results are difficult to predict. Artistic beauty and design "separability" do indeed lie in the eye of the judicial beholder. The cases are replete with instances

of qualified trial courts being reversed by appellate panels on abstract issues of artistic design separability, and of appellate panels sharply dividing on matters of artistic impression that escape convenient grasp or black letter expression. *Brandir Int'l, Inc.* v. *Cascade Pacific Lumber Co.*, 834 F.2d 1142 (2d Cir. 1987) (split decision; majority, noting difficulty of framing test, finds that bicycle rack based on wire sculpture could not be registered); *Kieselstein-Cord* v. *Accessories by Pearl, Inc.*, 632 F.2d 989 (2d Cir. 1980) (split decision; majority reverses district court and determines that decorative belt buckles could be registered); *Esquire, Inc.* v. *Ringer*, 414 F. Supp. 939 (D.D.C. 1976), *rev'd*, 591 F.2d 796 (D.C. Cir. 1978), *cert. denied*, 440 U.S. 908 (1979) (district court, noting "elusive semantic dispute," finds modernistic lamp could be registered; court of appeals reverses).

One court gave voice to those difficulties when it characterized the useful article presented, which it determined to be registrable, as "on the razor's edge of copyright law." *Kieselstein-Cord*, 632 F.2d at 990. Thus courts have found a toy airplane[12] registrable, a mannequin not[13]; a belt buckle registrable,[14] a watch face[15] not; an antique telephone[16] registrable, and a

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[12] *Gay Toys, Inc.* v. *Buddy L. Corp.*, 703 F.2d 970 (6th Cir. 1983).

[13] *Carol Barnhart Inc.* v. *Economy Cover Corp.*, 773 F.2d 411 (2d Cir. 1985).

[14] *Kieselstein-Cord* v. *Accessories by Pearl, Inc.*, 632 F.2d 989 (2d Cir. 1980).

[15] *Vacheron & Constantin-LeCoultre Watches* v. *Benrus Watch Co.*, 155 F. Supp. 932 (S.D.N.Y. 1957), *aff'd in part and rev'd in part on other grounds*, 260 F.2d 637 (2d Cir. 1958).

[16] *Arnold* v. *Silvercraft*, 259 F. Supp. 733 (S.D.N.Y. 1966).

modernistic lamp[17] not. Of particular note, all these cases arose *after* consideration of registrability by the Register of Copyrights. How much more difficult the task if, for Section 301 preemption purposes, the question of registrability had to be answered without prior consideration by the Copyright Office at he Library of Congress.

According to the Amici supporting petitioner, a state law would be preempted where a belt buckle or toy plane is involved but not preempted where a modernistic lamp is at issue. But Congress expressly said that preemption was *not* to turn on such particularized decisions of registrability. Rather, preemption was required when works were within a "general subject matter" of copyright such as sculptural works. Boat hulls and components certainly fall within this general category. Congress intended the preemption analysis to go no further. A rule that preemption turns on the factually intensive characteristics of the design of a particular article would result in innumerable conflicts among the state courts and between the state and federal courts and produce unmanageable chaos in the realm of intellectual property protection.

[17] *Esquire, Inc.* v. *Ringer*, 591 F.2d 796 (D.C. Cir. 1978).

III. THE LEGISLATIVE HISTORY OF THE FEDERAL COPYRIGHT ACT CONFIRMS THAT PREEMPTION WAS TO EXTEND TO ALL WORKS WITHIN THE SUBJECT MATTER OF COPYRIGHT WITHOUT REGARD TO WHETHER COPYRIGHT PROTECTION WAS ACTUALLY AVAILABLE FOR ALL SUCH WORKS.

A. The Congressional Reports Indicate That Congress Intended To Establish a Bright Line Between State and Federal Rights.

In enacting the "subject-matter-of-copyright" test in Section 301 Congress sought to create an unambiguous, bright line that would enable the courts conveniently to separate the parochial concerns of the states to protect one or another local industry, from the predominating concerns of the federal government to encourage both innovation and competition. Congress intended that federal preemption should be "unequivocal" as to "general subject matter categories" of the Act. H.R. Rep. No. 94-1476, 94th Cong., 2d Sess. 130-31 (1976); S. Rep. No. 94-473, 94th Cong., 1st Sess. 114 (1975). Congress intended to "preempt and abolish any rights under the common law or statutes of a State that are equivalent to copyright and that extend to works coming within the scope of the Federal copyright law." H.R. Rep. No. 94-1476, 94th Cong., 2d Sess. 130 (1976); S. Rep. No. 94-473, 94th Cong., 1st Sess. 114 (1975).

In doing so, Congress drew a "bright line" of preemption:

> "The declaration of this principle in section 301 is intended to be stated in the clearest and most unequivocal language possible so as to foreclose any conceivable misinterpretation of its unqualified intentions that Congress

> shall act preemptively and to avoid the development of any vague or borderline areas between State and Federal protection." H.R. Rep. No. 94-1476, 94th Cong., 2d Sess. 130 (1976); S. Rep. No. 94-473, 94th Cong., 1st Sess. 114 (1975).

Congress implemented this "bright line" approach by insisting that preemption decisions turn on a determination of whether a work falls within the general categories of works addressed by the federal law. Congress determined that preemption would *not* turn on specific decisions of whether particular works are registrable:

> "*As long as a work fits within one of the general subject matter categories of sections 102 and 103* [*e.g.* "sculptural works"] the bill prevents the States from protecting it *even if it fails to achieve Federal statutory copyright because it is too minimal or lacking in originality to qualify, or because it has fallen into the public domain . . . .*" H.R. Rep. No. 94-1476, 94th Cong., 2d Sess. 130-31 (1976); S. Rep. No. 94-473, 94th Cong., 1st Sess. 114 (1975). (Emphasis and brackets added.)

The Congressional Reports repeatedly stressed that as to works within one of the general subject matter categories of the Act federal law governs exclusively:

> "Regardless of when the work was created and whether it is published or unpublished, disseminated or undisseminated *in the public domain or copyrighted under the Federal Statute*, the States cannot offer it protection equivalent to copyright." H.R. Rep. No. 94-1476, 94th Cong., 2d Sess. 130-31 (1976); S. Rep. No. 94-473, 94th Cong., 1st Sess. 114 (1975). (Emphasis added.)

The position urged by Amici Orange County Patent Law Association and the Los Angeles Patent Law Association would entirely frustrate the objective of Congress to substitute "a single Federal system for the present anachronistic, uncertain, impractical and highly complicated dual system." H.R. Rep. No. 94-1476, 94th Cong. 2d Sess. 113 (1976); S. Rep. No. 94-473, 94th Cong., lst Sess. 129 (1975).

B. Congress Rejected a Preemption Test Based on Copyright Availability.

The drafters deliberately chose the "within-the-subject-matter-of-copyright" test and rejected the approach advanced by amici supporting the petitioner. An early draft of the proposed Copyright Act prepared in 1963 proposed that federal law would govern exclusively with respect to "*works for which copyright protection is available*" and explicitly preserved state law: "[*w*]*ith respect to material for which copyright protection is not available.*"[18] Following this Court's

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[18] The Copyright Office, directed by Congress, made a number of studies preparatory to the general revision of the Copyright law, and prepared a Preliminary Draft of legislation which eventually was enacted as the Copyright Act of 1976. *See* S. Res. 53, 86th Cong. 1st Sess. (1959), 105 Cong. Rec. 1168 (January 27, 1959); S. Res. 340, 86th Cong. 2d Sess., 106 Cong Rec. 339 (1960). The Copyright Office transmitted the Preliminary Draft to the House Committee on the Judiciary which published it for public comment. *Copyright Law Revision, Part 3: Preliminary Draft for Revised U.S. Copyright Law*, 88th Cong., 2d Sess. 1-36 (September 1964). *See Mills Music Inc.* v. *Snyder*, 469 U.S. 153, 159-60 (1985) (discussing the special significance of this

decisions in *Sears/Compco* in 1964, the drafters changed the test for preemption to what now appears in Section 301. Under the new test first set out in H.R. 11947[19] and S. 3008[20] which was carried forward and enacted in Section 301 of the Federal Copyright Act, federal law preempts with respect to all works "within the subject matter of copyright." This change codified in the copyright area the *Sears/Compco* test which requires preemption with respect to all works within the subject matter of patents, whether or not

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early drafting history).

Section 19 of the Preliminary Draft read:

> "(a) On and after the effective date of this act, all rights in the nature of copyright in *works for which copyright protection is available* under sections 1 and 2, whether created before or after that date and whether published or unpublished, shall be governed exclusively by this title. Thereafter, no person shall be entitled to copyright, to literary or intellectual property rights, or to any equivalent legal or equitable right in any such work under the common law or statute of any State.
>
> (b) Nothing in this title shall annul or limit any rights or remedies under the law of any State:
>
> (1) *With respect to unpublished material for which copyright protection is not available* under sections 1 and 2; . . ."
>
> *Copyright Law Revision, Part 3: Preliminary Draft for Revised U.S. Copyright Law*, 88th Cong., 2d Sess. 18 (September 1964). (Emphasis added.)

[19] H.R. 11947, 88th Cong., 2d Sess., 110 Cong. Rec. 16341 (July 20, 1964) (introduced by Rep. Celler).

[20] S. 3008, 88th Cong., 2d Sess., 110 Cong. Rec. 16260-61 (July 20, 1964) (introduced by Sen. McClellan).

those works were actually entitled to a patent. It was the express intention of the drafters to extend preemption to the design of useful articles.[21] Preemption no longer turns on the eligibility of a particular item for copyright protection.[22]

C. Congress Did Not Intend That the Design Separability Condition for Registration Should Restrict Federal Preemption as to Sculptural Works.

Congress likewise did not intend that the design separability conditions it prescribed for copyright registrability in Section 101 should restrict "the subject matter of copyright" or otherwise limit the clear federal preemption it desired under Section 301. Congress added the design separability condition merely to ensure that copyright registration of sculptural works would continue to follow the test of *Mazer* v. *Stein*, 347 U.S. 201 (1954). H.R. Rep. No. 94-1476,

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[21] *See* Statement of Barbara A. Ringer, Assistant Register of Copyright (August 7, 1964) published in *Copyright Law Revision, Part 5: 1964 Revision Bill with Discussion and Comments*, 89th Cong., 1st Sess. 166 (September 1965) (preemption extends to industrial designs); *see also Copyright Law Revision, Part 6: Supplementary Report of the Register of Copyrights on the General Revision of the U.S. Copyright Law*, 89th Cong., 1st Sess. 84, 232-33 (May 1965) (explaining reason for change in language).

[22] The district court in *Vermont Castings* v. *Evans Products Company*, 215 U.S.P.Q. 758 (1981) found, erroneously we submit, no preemption in respect of a useful article because the particular work in question there did not meet all the tests of copyright registrability. *See* 215 U.S.P.Q. at 762-63. *But see Decorative Aides Corp.* v. *Staple Sewing Aides Corp.*, 497 F. Supp. 154, 160 (S.D.N.Y. 1980), *aff'd*, 657 F.2d 262 (2d Cir. 1981). The court in *Vermont Castings* appears to have been unaware of the overriding purpose of Section 301 and the specific legislative history.

94th Cong., 2d Sess. 54 (1976); S. Rep. No. 94-473, 94th Cong., 1st Sess. 53 (1975).

Both the House and Senate bills under consideration in 1975 contained the same language: Section 301 preempted as to "works that come within the subject matter of copyright as specified by sections 102 and 103." Section 102 listed "sculptural works" as among the "categories" of "subject matter of copyright." And Section 101 defined "sculptural works" in relevant part as "three dimensional works of . . . applied art." There was nothing in the section about design separability. This structure reflected legislative developments which had been in place for nearly a decade and mimicked the original House[23] and Senate bills[24] introduced in the 88th Congress in 1964.[25] From 1964 through 1975, none of the House nor the Senate bills contained any reference to design separability in regard to sculptural works.

The language in regard to design separability as a condition to the registration of sculptural works first appeared in the House bill of 1976 immediately prior to passage of the law. The House added this language at the very last moment when it determined to reject the Senate proposal, contained in Title II of the Senate bill, for the creation of a hybrid patent-copyright system covering useful articles that did not meet the

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[23] H.R. 11947, 88th Cong., 2d Sess., 110 Cong. Rec. 16341 (July 20, 1964) (introduced by Rep. Celler).

[24] S. 3008, 88th Cong., 2d Sess., 110 Cong. Rec. 16260-61 (July 20, 1964) (introduced by Sen. McClellan).

[25] *See Mills*, 469 U.S. at 159-60 (language in proposed copyright legislation at issue similarly remained unchanged during 1964-1975 period).

then existing requirements for patent or copyright protection.

The Conference Committee accepted the House version with respect to these matters and both Houses enacted the Copyright Act in accordance with the House version. The legislative reports establish that Congress added the design separability language not to limit the "subject matter of copyright" under Section 301 but rather to ensure that copyright registration of sculptural works which were also useful articles would continue to follow the test of *Mazer* v. *Stein*.[26] Congress did not intend thereby to retreat from its repeatedly expressed intent that Section 301 should preempt broadly and unambiguously as to all "sculptural works" as had been set forth in House and Senate bills for a decade.

D. Congress Determined That Useful Articles Should Be Protected from Copying Only If They Were Worthy of a Copyright. Otherwise They Were To Be in the Public Domain.

Congress' intent to preempt state copyright laws as to all works within the subject matter of copyright, whether registrable or not, is further evidenced by Congress' rejection of the proposal which would have granted limited protection from copying to useful articles that were not otherwise eligible for protection under the copyright or patent laws. Title II of the Senate bill would have created a hybrid form of federal statutory monopoly—between copyrights and design patents—for the designs of useful articles that did not reflect the degree of creativity or authorship as would have entitled them either to a patent or

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[26] H. Rep. No. 94-1476, 94th Cong., 2d Sess. 54 (1976); S. Rep. No. 94-473, 94th Cong., 1st Sess. 53 (1975).

copyright.[27] The Department of Justice, in a letter received and discussed during the floor debates, severely criticized these proposals to create "a new type of monopoly protection."[28]

The House of Representatives accepted the Department of Justice criticism. The House-passed bill refused to extend protection against copying to useful articles which failed to meet the standards for copyright protection under the Federal Copyright Act.[29] The Conference Committee accepted the House version and Congress enacted the statute without the challenged provisions.[30] This enactment evidences a clear congressional intent that useful articles which did not meet the standards of copyright protection

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[27] *See* S. Rep. No. 94-473, 94th Cong., 1st Sess. 39-47 (1975) (reprinting provisions relating to the Protection of Ornamental Designs of Useful Articles).

[28] Letter from Michael M. Uhlmann, Assistant Attorney General to Hon. Hugh Scott, U.S. Senate, February 18, 1976, *reprinted in* 122 Cong. Rec. S2044 (daily ed. February 19, 1976). The letter stated in pertinent part:

> "Enactment of Title II would likely substantially increase the cost to the public for many useful articles. The copier may perform a number of economically useful functions which deserve encouragement. He may simply produce the useful article at a lower cost. He may achieve wider distribution. He may couple the design with some other useful article. He may do none of these, but by merely providing competition he may force lower profit margins and greater efficiency." *Id.*

[29] H.R. Rep. No. 94-1476, 94th Cong., 2d Sess. 1-46 (1976).

[30] H.R. Rep. No. 94-1733, 94th Cong., 2d Sess. 82 (September 29, 1976) (Conference Committee accepted House amendment deleting the language that would have granted a form of monopoly to such articles).

were to remain in the public domain, free for everyone to copy.

E. Congress Intended That the States Should Not Be Able To Ban the Copying of Sculptural Works on a Theory of Design "Misappropriation."

One last insight into Congress' intent to preempt broadly without ambiguity is evidenced by an amendment to the proposed Copyright Act which took place on the eve of enactment. The Florida Mold Law is a so-called "misappropriation" statute.[31] Section 301(b) of the bill reported out of the Senate Judiciary Committee would have exempted from preemption and preserved state remedies for "rights against misappropriation not equivalent to any of such exclusive rights [of Section 106]."[32]

The Department of Justice strongly criticized the "allowance of monopolies based on the theory of 'misappropriation.' "[33] In particular, the Department of Justice urged the elimination of the misappropriation language from the legislation because:

> "This unjust enrichment theory could be used broadly to prohibit the copying of uncopyrighted published materials.

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[31] *See* Brief of Amici Curiae Orange County Patent Law Association at 15; Brief for the Petitioner at 10 ("In effect the copier misappropriates the original manufacturer's developmental effort and investment.")

[32] *See* S. Rep. No. 94-473, 94th Cong., 1st Sess. 20 (1975).

[33] Letter from Thomas E. Kauper, Assistant Attorney General, Antitrust Division, to Hon. Hugh Scott, U.S. Senate, February 13, 1976, *reprinted in* 122 Cong. Rec. S2042-43 (daily ed. February 19, 1976).

• • •

> Any copying of copyrightable subject matter that has not been federally protected could be prohibited under the amorphous theory of 'misappropriation.'
>
> • • •
>
> *The preemption sought by the omnibus Copyright Act revision bill would be nullified by paragraph (3).*" (Emphasis added.)[34]

In direct response to the Department of Justice criticism, Congress struck the misappropriation language, fearing that it would be interpreted to preserve state power over "misappropriation."[35] In short, Congress did not want the states to do precisely what Florida here has sought to do.[36]

• • •

The end result of this prolonged legislative deliberation was a congressional decision that *all* matters of design protection for sculptural works were "within the subject matter of copyright" and were to be governed exclusively by federal law. To borrow from *Goldstein*, Congress in the Federal Copyright Act fully attended to the copying of all such designs and left no room for state regulation. 412 U.S. at 570.

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[34] *Id.*

[35] H.R. Rep. No. 94-1733, 94th Cong., 2d Sess. 78-79 (September 29, 1976) (Conference Committee accepted House amendment deleting the language).

[36] Prohibitions of copying under state laws barring "misappropriation" are preempted. *See, e.g., DelMadera*, 820 F.2d at 977; *Financial Information*, 808 F.2d at 208; and *Mayer*, 601 F. Supp. 1534-35.

CONCLUSION

For the reasons stated above, the decision of the Florida Supreme Court should be affirmed.

Respectfully submitted,

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September 15, 1988

APPENDIX

APPENDIX A

STATUTES INVOLVED

Florida Mold Law, Fla. Stat. Ann. § 559.94.

Duplication of vessel parts; action for injunctive relief against illegal duplication or against sale of illegally duplicated vessel parts.

(1) As used in this section, the term:

(a) "Direct molding process" means any direct molding process in which the original manufactured vessel hull or component part of a vessel is itself used as a plug for the making of the mold, which mold is then used to manufacture a duplicate item.

(b) "Mold" means a matrix or form in which a substance or material is shaped.

(c) "Plug" means a device or model used to make a mold for the purpose of exact duplication.

(2) It is unlawful for any person to use the direct molding process to duplicate for the purpose of sale any manufactured vessel or component part of a vessel made by another person without the written permission of that other person.

(3) It is unlawful for any person to knowingly sell a vessel hull or component part of a vessel duplicated in violation of subsection (2).

(4) Any person who suffers injury or damage as the result of a violation of the provisions of this section may bring an action in circuit court for an injunction prohibiting such violations. In addition, such person shall be entitled to actual damages incurred as a result of such violation and to reasonable attorney's fees and costs.

(5) The provisions of this section apply only to vessel hulls or component parts of vessels duplicated through use of molds made on or after July 1, 1983."

Copyright Revision Act of 1976, 17 U.S.C. § 301.

§ 101. DEFINITIONS

"As used in this title [17 USCS §§ 101 et seq.], the following terms and their variant forms mean the following:

***

"Pictorial, graphic, and sculptural works" include two-dimensional and three-dimensional works of fine, graphic, and applied art, photographs, prints and art reproductions, maps, globes, charts, technical drawings, diagrams, and models. Such works shall include works of artistic craftsmanship insofar as their form but not their mechanical or utilitarian aspects are concerned; the design of a useful article, as defined in this section, shall be considered a pictorial, graphic, or sculptural work only if, and only to the extent that, such design incorporates pictorial, graphic, or sculptural features that can be identified separately from, and are capable of existing independently of, the utilitarian aspects of the article.

§ 102. SUBJECT MATTER OF COPYRIGHT: IN GENERAL

(a) Copyright protection subsists, in accordance with this title, in original works of authorship fixed in any tangible medium of expression, now known or later developed, from which they can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device. Works of authorship include the following categories:

(1) literary works;
(2) musical works, including any accompanying words;
(3) dramatic works, including any accompanying music;
(4) pantomimes and choreographic works;
(5) pictorial, graphic, and sculptural works;

(6) motion pictures and other audiovisual works; and
(7) sound recordings.

(b) In no case does copyright protection for an original work of authorship extend to any idea, procedures, process, system, method of operation, concept, principle, or discovery, regardless of the form in which it is described, explained, illustrated, or embodied in such work.

§ 106. EXCLUSIVE RIGHTS IN COPYRIGHTED WORKS

Subject to sections 107 through 118, the owner of copyright under this title has the exclusive rights to do and to authorize any of the following:

(1) to reproduce the copyrighted work in copies or phone records;
(2) to prepare derivative works based upon the copyrighted work;
(3) to distribute copies or phone records of the copyrighted work to the public by sale or other transfer of ownership, or by rental, lease, or lending;
(4) in the case of literary, musical, dramatic, and choreographic works, pantomimes, and motion pictures and other audiovisual works, to perform the copyrighted work publicly; and
(5) in the case of literary, musical, dramatic, and choreographic works, pantomimes, and pictorial, graphic, or sculptural works, including the individuals images of a motion picture or other audiovisual work, to display the copyrighted work publicly.

§ 301. PREEMPTION WITH RESPECT TO OTHER LAWS

(a) On and after January 1, 1978, all legal or equitable rights that are equivalent to any of the exclusive rights within the general scope of copyright as specified by section 106 in works of authorship that are fixed in a tangible medium of expression and come within the subject matter

of copyright as specified by sections 102 and 103, whether created before or after that date and whether published or unpublished, are governed exclusively by this title. Thereafter, no person is entitled to any such right or equivalent right in any such work under the common law or statutes of any State.

(b) Nothing in this title annuls or limits any rights or remedies under the common law or statutes of any State with respect to—

(1) subject matter that does not come within the subject matter of copyrights as specified by sections 102 and 103, including works of authorship not fixed in any tangible medium of expression; or

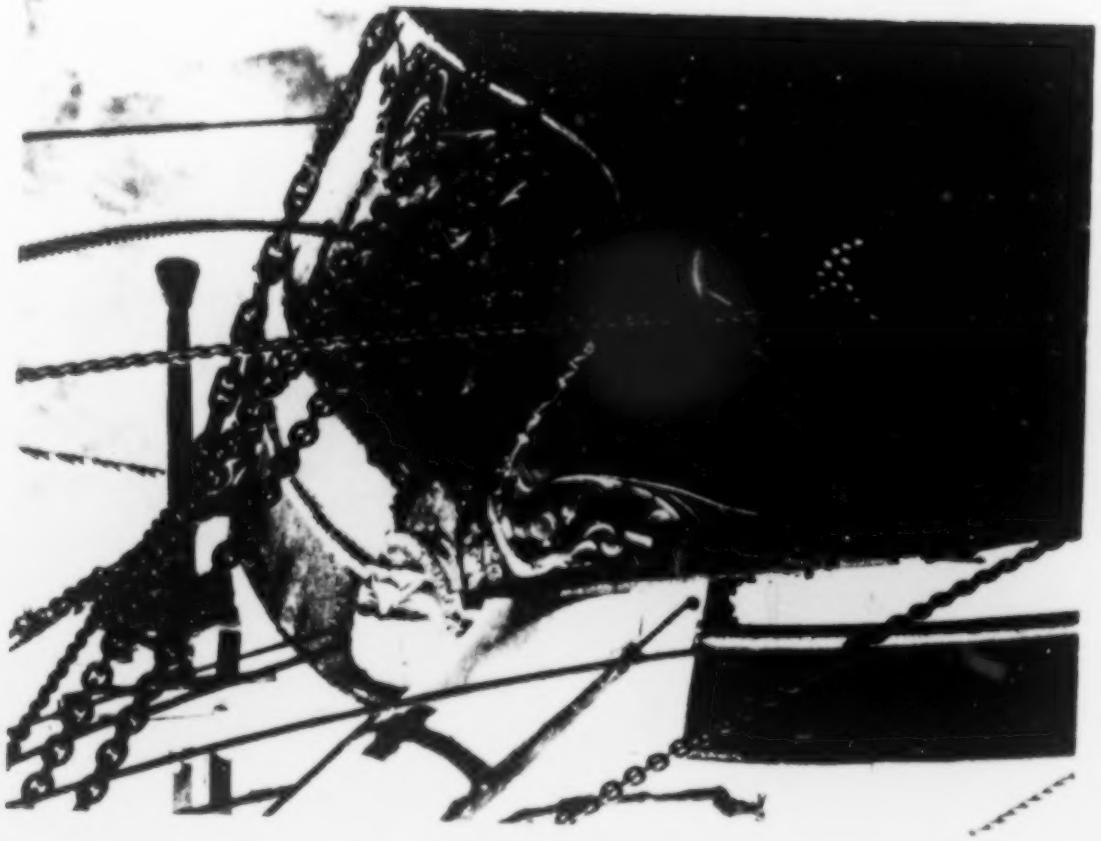
(2) any cause of action arising from undertakings commenced before January 1, 1978; or

(3) activities violating legal or equitable rights that are not equivalent to any of the exclusive rights within the general scope of copyright as specified by section 106.

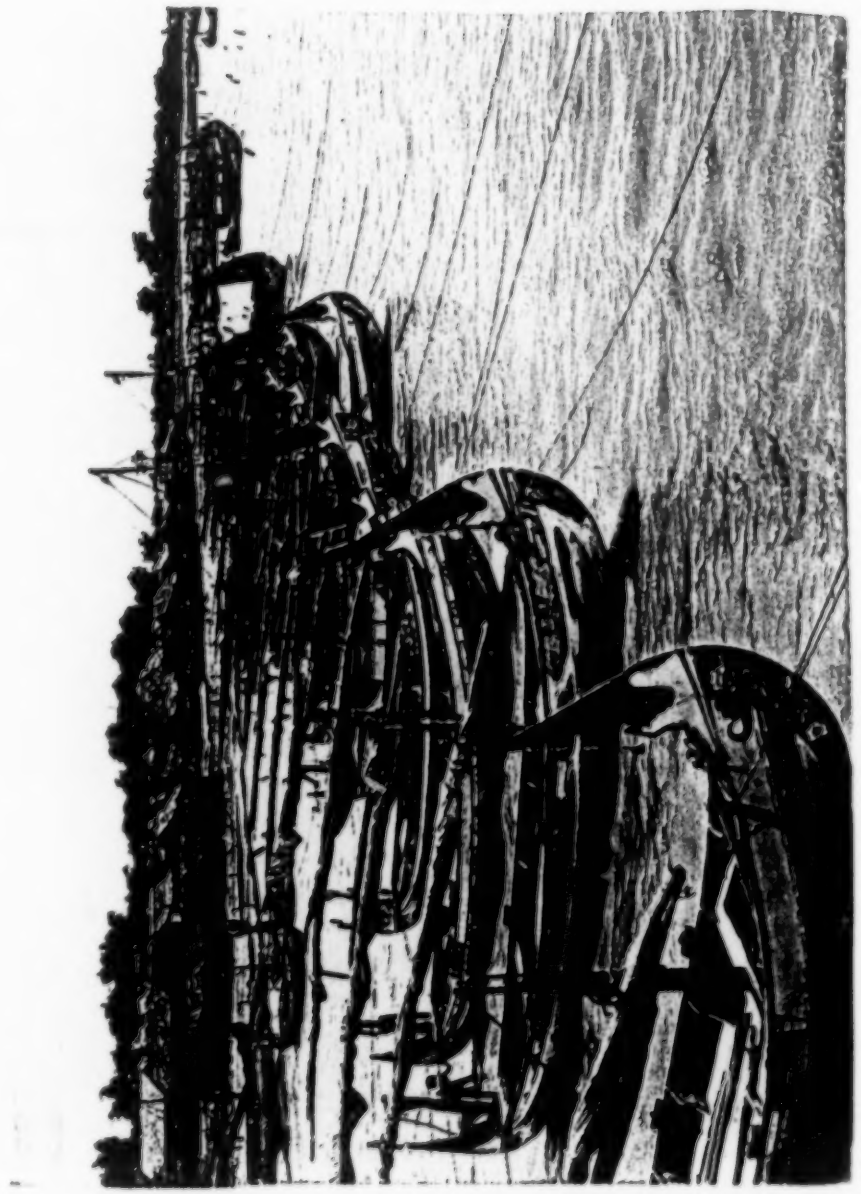
(c) With respect to sound recordings fixed before February 15, 1972, any rights or remedies under the common law or statutes of a State shall not be annulled or limited by this title until February 15, 2047. The preemptive provisions of subsection (a) shall apply to any such rights and remedies pertaining to any cause of action arising from undertakings commenced on and after February 15, 2047. Notwithstanding the provisions of section 303, no sound recording fixed before February 15, 1972, shall be subject to copyright under this title before, on, or after February 15, 2047.

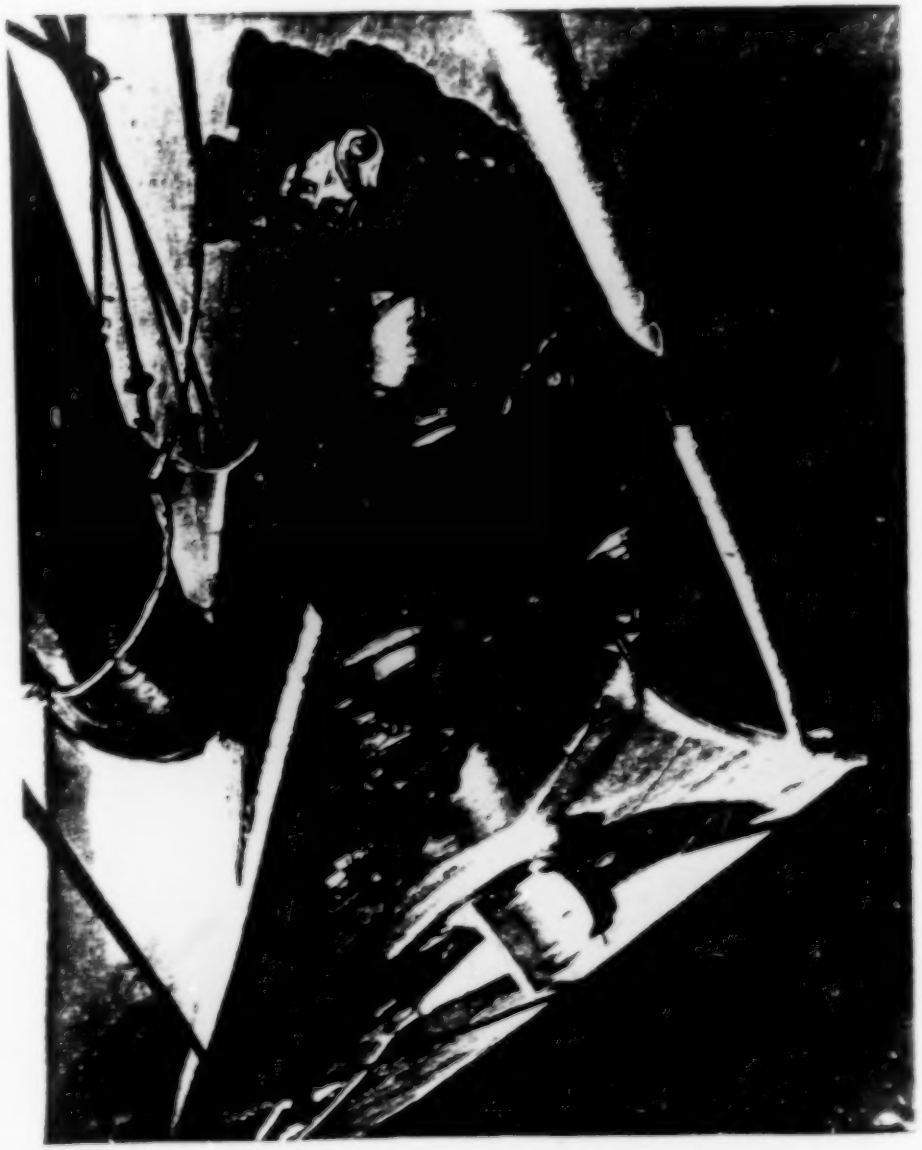
(d) Nothing in this title annuls or limits any rights or remedies under any other Federal statute.

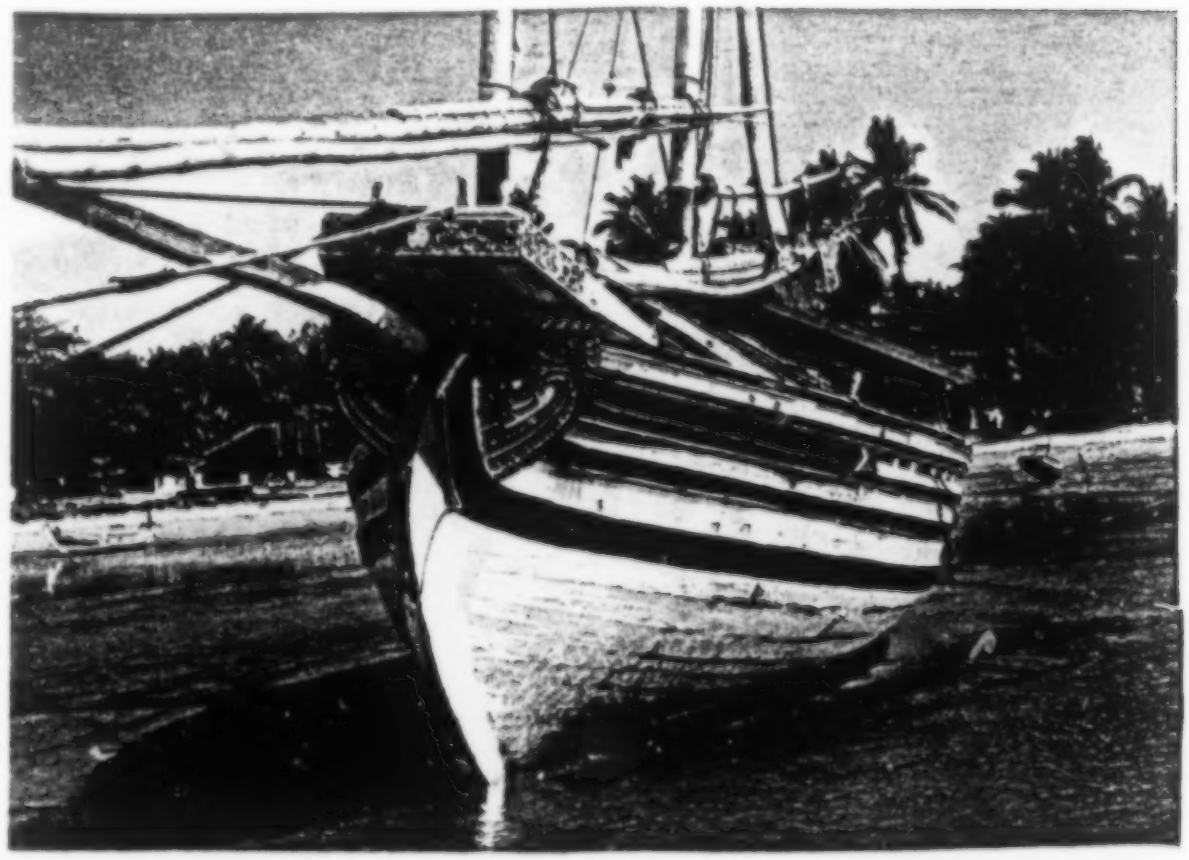
APPENDIX B

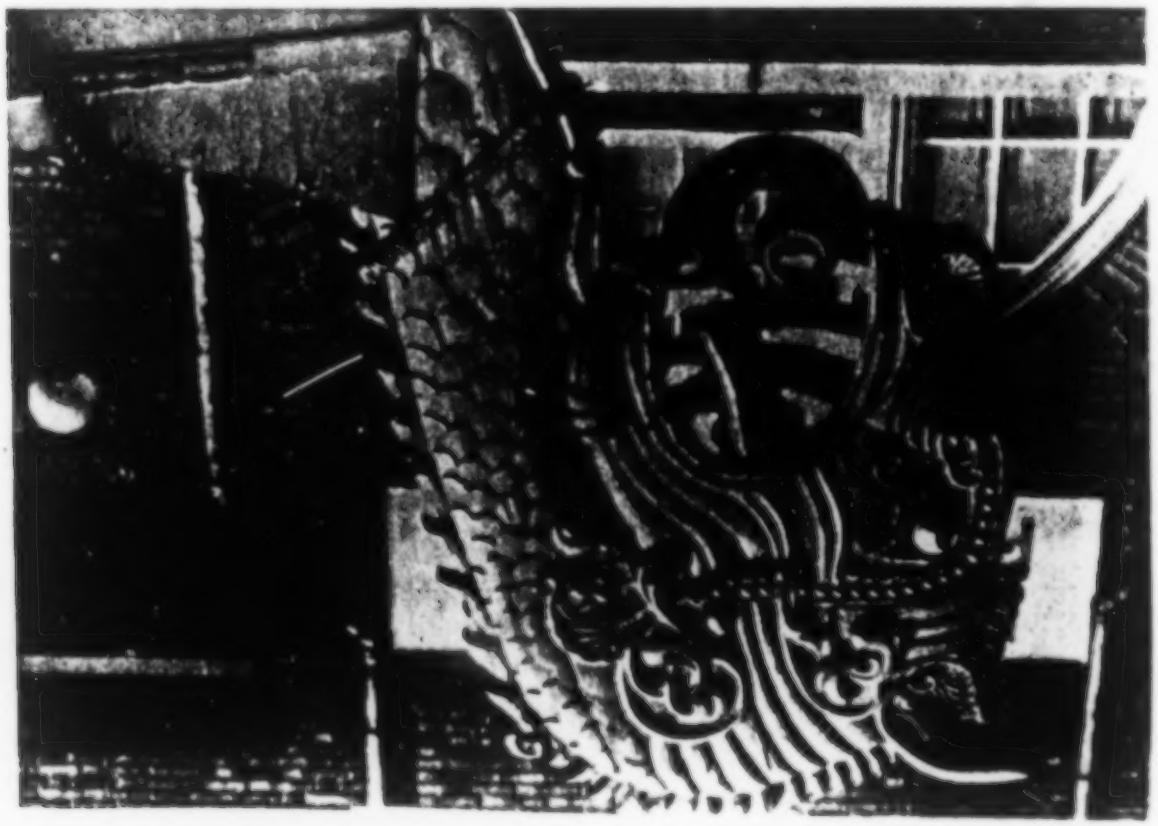


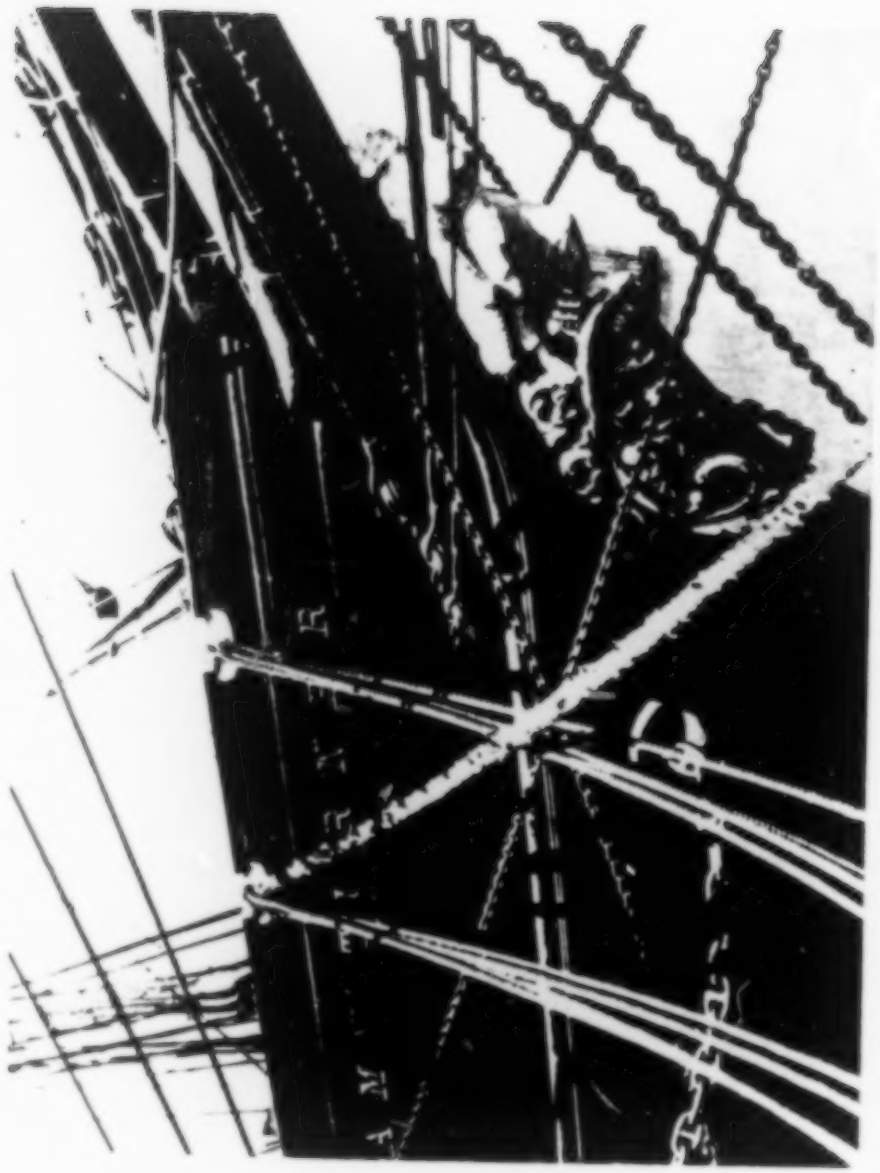












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No. 87-1346

IN THE

Supreme Court of the United States

OCTOBER TERM, 1988

BONITO BOATS, INC.,

Petitioner,

v.

THUNDER CRAFT BOATS, INC.,

Respondent.

On Writ Of Certiorari To The Supreme Court Of Florida

BRIEF OF AMICUS CURIAE IN SUPPORT OF JUDGMENT BELOW

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QUESTION PRESENTED

Whether a state unfair competition statute which prohibits competitive use of publicly known and unpatented process technology in duplicating publicly known and unpatented products is preempted under the Supremacy Clause of the U.S. Constitution by the federal patent law.

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INTEREST OF AMICUS CURIAE

By Order entered June 30, 1988, the undersigned counsel was appointed by the Court as amicus curiae to brief and argue in support of the judgment below.

OPINIONS BELOW

The opinion of the Supreme Court of Florida holding the Florida anti-direct-molding statute unconstitutional on the ground of preemption by the federal patent law is reported at 515 So. 2d 220 (Fla. 1987). It is reproduced for the Court's convenience in the Joint Appendix ("J.A.") at p. 30. The Florida Fifth District Court of Appeals' opinion affirming the dismissal of the Complaint is reported at 487 So. 2d 395 (Fla. Dist. Ct. App. 1986) (J.A.-14). The Florida Circuit Court's order dismissing the Complaint is unreported but is included in the Joint Appendix (J.A.-10).

JURISDICTION

The decision of the Supreme Court of Florida was rendered on November 12, 1987. The jurisdiction of this Court was invoked under 28 U.S.C. § 1257(3).

STATUTES INVOLVED

Due to their length, the statutes involved are reproduced in the Appendix to this brief. They are:

1. The Supremacy Clause of the United States Constitution, article VI, clause 2 (A-1);
2. The Patent and Copyright Clause of the United States Constitution, article I, section 8, clause 8 (A-1);
3. Selected provisions from the federal patent law, Title 35 of the United States Code, including:
   (a) Section 101, defining subject matter for which "mechanical" or "utility" patents may be granted (A-1);
   (b) Section 171, defining subject matter for which "design" patents may be granted (A-1);

(c) Section 102, defining the novelty requirement for patentability (A-1-2);

(d) Section 103, defining the nonobviousness requirement for patentability (A-2); and

(e) Section 112, first paragraph, defining the disclosure requirement for patentability (A-2);

(f) Section 154, defining the rights conveyed by a patent (A-2); and

4. The Florida anti-direct-molding statute, Fla. Stat. § 559.94 (1983), prohibiting the manufacture of boat hulls by means of the "direct molding process", i.e., use of an original manufacturer's product to cast a mold from which that product is duplicated (A-3).

STATEMENT OF THE CASE

The statement of the case contained in the brief of Petitioner Bonito Boats, Inc. ("the Original Manufacturer") is generally accurate. Unfortunately, it starts 200 years too late to provide an adequate factual foundation for resolution of the federal preemption issue in this case.

The application of the Florida anti-direct-molding statute ("the Florida Statute") in this case, as described in Section I below, is relatively straightforward. Full appreciation of the magnitude of the conflict between that statute and the policies underlying the federal patent law, however, also requires historical background, described in Section II below, relating to (1) the scope of the subject matter addressed by the U.S. patent law, (2) the nature of the exclusive rights conveyed by patents, (3) the origins of federal patent policy, and (4) the balance which Congress sought to effect by specifying in the patent law the types of technology it wished to protect and the types of technology it wished to remain free.

I. Application Of The Florida Statute In This Case

The Original Manufacturer's "5VBR" boat hull, which was duplicated by Respondent Thunder Craft Boats, Inc. ("the

Competitor") sometime after July of 1983, had been in public use and on sale in this country since 1976—more than six years before enactment of the Florida Statute (J.A.-5). There is no evidence that a patent application was ever filed on the hull, its method of manufacture, or ornamental aspects of its design (J.A.-4-7). Thus, at the time the Florida Statute was enacted, the 5VBR hull was squarely within the public domain.[1]

The Original Manufacturer does not assert that the direct molding process used by the Competitor was unknown, a trade secret, or the subject of a patent owned by the Original Manufacturer in 1983. Thus, on this record, it must be assumed that the direct molding process was also squarely within the public domain at the time of enactment of the Florida Statute.[2]

The Original Manufacturer asserted the Florida Statute in this case in an attempt to prevent the Competitor from duplicating a publicly known and unpatented boat through use of publicly known and unpatented process technology (J.A.-6). Such use of the statute seems to have been contemplated by the Florida legislature. Indeed, the Supreme Court of Florida found that the sole purpose of the Florida Statute was "to

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[1] According to the patent law, 35 U.S.C. § 102(b), failure to file a patent application within one year of the first public use or offer for sale of an invention in the United States bars issuance of a patent on it.

[2] That such processes were in the public domain within the definition of the patent law in 1983 is clear at least from the fact that some of the statutes seeking to outlaw the practice reproduced in the appendix to the Original Manufacturer's Brief have been on the books since 1978. *See, e.g.*, Cal. Bus. & Prof. Code § 17300 (West 1987). Indeed, expired United States Patent No. 3,413,646, issued to Robert L. Smith, reproduced in the Appendix to this brief (A-13), specifically discloses and claims a direct molding process for making boat hulls. The application for this patent was filed in 1966 and issued in 1968. *See also Stein* v. *Rosenthal*, 103 F. Supp. 227 (S.D. Cal. 1952), *aff'd*, 205 F.2d 633 (9th Cir. 1953) (reporting use of the direct molding process for copying lamp bases in the 1950's).

protect the original manufacturers of boat hulls" from competition based on "an efficient and inexpensive way of duplicating boat hulls." *Bonito Boats, Inc.* v. *Thunder Craft Boats, Inc.*, 515 So. 2d 220, 223 (Fla. 1987) (J.A.-36). Such legislative history as has been mustered is consistent with the court's conclusion.[3]

A majority of the Florida Supreme Court held that the Florida Statute was unconstitutional under the Supremacy Clause of the U.S. Constitution because it conflicted with the policies of the United States patent laws (J.A.-35). The petition for review by this Court followed.

II. Historical Background

A. The Scope Of The Federal Patent Law And Its Relation To The Hull Design And Manufacturing Processes Addressed By The Florida Statute

The patent law broadly defines the subject matter for which patents may be granted in 35 U.S.C. § 101 (1982). Patents may issue on "any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof . . . ."[4] This language has been expansively interpreted, both by Congress and this Court, to include "anything

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[3] *See* Transcript of Meetings of Transportation Committee of The Florida House of Representatives, May 3, 1983, at pgs 1-4 (J.A.-21-26); Senate Staff Analysis and Economic Impact Statement (April 29, 1983), as reproduced in the Brief of Amici Curiae Marine Industries Association of South Florida and the Attorney General of the State of Florida In Support of Petitioner at A1-A3.

[4] A "process" within the meaning of the statute includes "a mode of treatment of certain materials to produce a given result" or "an act, or series of acts, performed upon the subject matter to be transformed and reduced to a different state or thing." *Cochrane* v. *Deener*, 94 U.S. 780, 787-88 (1877). The term "art" was used in the 1793 patent law, Act of 1793, § 1, 1 Stat. 319. In 1952, the word "process" replaced the word "art" in 35 U.S.C. § 101 and was defined in 35 U.S.C. § 100(b) as meaning "process, art or method."

under the sun that is made by man." *Diamond* v. *Chakrabarty*, 447 U.S. 303, 309 (1980) (quoting S. Rep. No. 1979, 82d Cong., 2d Sess., 5 (1952), and H.R. Rep. No. 1923, 82d Cong., 2d Sess., 6 (1952)). *See alo Diamond* v. *Diehr*, 450 U.S. 175, 182 (1981).

The Original Manufacturer does not deny that the patent law contemplates, as subject matter potentially within its scope, technological innovations in boat hull design and methods of boat manufacture. Dozens of examples of patents on boat hulls and methods of making boat hulls could be cited. Illustrative examples of a product patent (U.S. Patent No. 3,930,455, issued to Bremer) and a process patent (U.S. Patent No. 3,419,646, issued to Smith) are reproduced for the convenience of the Court in the Appendix to this brief (A-4, 13). It is noteworthy that the process patent (A-13) specifically claims as the invention a method of making boat hulls by the direct molding process.

The patent laws also provide for the issuance of patents on new and ornamental designs for articles of manufacture. 35 U.S.C. § 171. Dozens of examples of so-called "design patents" on the appearance of boat hulls could be cited, and an illustrative example (U.S. Design Patent No. 235,753, issued to Bremer) is reproduced in the Appendix for the convenience of the court (A-25).[5]

B. The Rights Conveyed By Patents And Their Relation To The Rights Conveyed By The Florida Statute

Both so-called "utility" or "mechanical" patents issued under 35 U.S.C. § 101 and design patents issued under 35 U.S.C. §

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[5] While "utility" patents issued under 35 U.S.C. § 101 protect the novel and nonobvious utilitarian features of boat hull designs or boat hull manufacturing processes, design patents issued under 35 U.S.C. § 171 protect the non-utilitarian ornamental aspects of the boat's appearance. As can be seen from inspection of the design and utility patents issued to Bremer reproduced in the Appendix (A-4, 25), it is not uncommon for both design and utility patents to issue on different aspects of the same product. *See, e.g., Carman Indus., Inc.* v. *Wahl*, 724 F.2d 932 (Fed. Cir. 1983).

171 convey to the patentee the right to exclude others for a limited period of time from "making, using, or selling" the patented invention within the United States. 35 U.S.C. § 154. The term of a utility patent is seventeen years, while the term of a design patent is fourteen years. 35 U.S.C. §§ 154, 173.

The Florida Statute also purports to convey the right to exclude others from "using" certain boat-manufacturing processes and from "selling" certain boat structures and designs. It does so by granting an original boat hull manufacturer the power to seek an injunction against the duplication of its boat hull through the direct molding process and the sale of boat hulls so made. Fla. Stat. § 559.94(4)(1985). Thus, the Florida Statute seeks to create property rights associated with boat hull structures, designs, and manufacturing processes in a field already occupied by the federal patent law. The rights granted by the Florida Statute, however, are perpetual, whereas patents are for a limited period of time. Moreover, the rights granted by the state law are independent of whether the subject matter is in the public domain, whereas patents are issued only for novel and nonobvious advances. 35 U.S.C. §§ 102, 103.

C. The Origins Of The Patent System And Their Effect On Patent Policy

The framers of the Constitution recognized that there was no natural property right in publicly disclosed technology.[6] To the

[6] The public's right to use what is known is central to rejection of any "natural rights" theory. In a letter to Isaac McPherson in August of 1813, Thomas Jefferson observed:

> If nature has made any one thing less susceptible than all others of exclusive property, it is the action of the thinking power called an idea, which an individual may exclusively possess as long as he keeps it to himself; but the moment it is divulged, it forces itself into the possession of everyone, and the receiver cannot dispossess himself of it.

VI Writings of Thomas Jefferson, at 180-181 (Washington, ed. 1871), *quoted in Graham* v. *John Deere Co.*, 383 U.S. 1, 8 n.2 (1966). Jefferson's views on patent policy have previously been relied upon by this Court because he was an author of the early patent statutes and was one of the early administrators of the patent system. *Id.* at 7.

A similar view was expressed by this Court in *Wheaton* v. *Peters*, 8 Pet. 591, 658, 8 L.Ed. 1055, 1079 (1834), which involved a copyright dispute between two early reporters of Supreme Court opinions ("[I]t has never been pretended that the [inventor] could hold by the common law, any property in his invention, after he shall have sold it publicly").

extent such a property right was to exist, it could do so only through legislation. *Graham* v. *John Deere Co.*, 383 U.S. 1, 8 (1966). The power to enact that legislation was ultimately granted to Congress in article I, section 8, clause 8 of the Constitution.[7]

At the time the power to create a patent system was given to and exercised by Congress, there was a widespread abhorrence of monopoly. *Graham*, 383 U.S. at 5-9. As this Court has previously observed, it was an artificial monopoly on tea that sparked the Revolution. *Id.* at 7. It is not surprising, therefore, that the legislation for the protection of technological innovation which was created in this environment was one which was narrowly circumscribed. The fundamental limitations on the patent grant have changed little over the years, *Id.* at 10, with the result that the mark of this concern can still be seen in the current patent statutes.

D. Balancing By Congress Of What To Protect And What To Leave Free

The patent law attempts to balance concern over artificial restraints on competition against a conflicting desire to encourage technological innovation. It does so by imposing a series of

[7] The contemporaneous justification for granting Congress the power to legislate in the fields of patents and copyrights was that "[t]he states cannot separately make effectual provision for either of the cases." The Federalist No. 43, p. 309 (B. Wright ed. 1961). Congress ultimately provided *exclusive* jurisdiction to enforce patents in the federal courts. 28 U.S.C. § 1338(a)(1982).

limitations on the patent grant, some of which relate to the requirements for patentability and others of which relate to the duration of the property right. Each such limitation was intended to preserve public access to the subject matter thereby excluded.

The scope of so-called "statutory subject matter" under § 101 of the patent law, for example, is not unlimited. It has been held that "laws of nature, physical phenomena, and abstract ideas" are not within the scope of patentable subject matter because they are "manifestations of . . . nature, free to all men and reserved exclusively to none." *Funk Bros. Seed Co.* v. *Kalo Inoculant Co.*, 333 U.S. 127, 130 (1948). Such discoveries have been characterized as "part of the storehouse of knowledge of all men," *Id.* at 130, and as "the basic tools of scientific and technological work." *Gottschalk* v. *Benson*, 409 U.S. 63, 67 (1972); *see generally Parker* v. *Flook*, 437 U.S. 584, 589 (1978). Thus, the scope of statutory subject matter defined by the United States patent law was circumscribed in order to ensure that the basic tools of technological work remained free to be utilized competitively by others.[8]

The requirement that patentable inventions be "novel" reflects a similar philosophy. 35 U.S.C. § 102. The rationale for this requirement is "founded upon the proposition that in granting patent rights, the public must not be deprived of any rights that it theretofore freely enjoyed." *Parker* v. *Flook*, 437 U.S. at 593 n.15, (quoting P. Rosenberg, *Patent Law Fundamentals* § 4, p. 13 (1975)).

The patent law imposes a standard of patentability beyond mere novelty in order to effectuate the same policy. Specifically, the law prohibits issuance of patents on subject matter which, though novel, would have been "obvious" to persons of ordinary skill in the art at the time that it was developed. 35 U.S.C. § 103. In justifying imposition of such a patentability standard, it was observed that "Congress may not authorize the issuance of patents whose effects are to remove existent knowledge from the public domain, or to restrict free access to materials already available." *Graham*, 383 U.S. at 6. A similar sentiment was expressed in *Great A & P Tea Co.* v. *Supermarket Equip. Corp.*, 340 U.S. 147 (1950) (hereinafter "*A & P*"), where it was held that "[p]atents cannot be sustained when, on the contrary, their effect is to subtract from former resources freely available to skilled artisans." *Id.* at 152-53. It was further noted that a patent may not issue if it "withdraws what already is known into the field of its monopoly and diminishes the resources available to skillful men." *Id.* at 152-53; *see also Sakraida* v. *Ag Pro, Inc.*, 425 U.S. 273, 281 (1976); *Anderson's-Black Rock, Inc.* v. *Pavement Salvage Co.*, 396 U.S. 57, 61 (1969).

Finally, the limitation imposed by Congress on the duration of rights conveyed by patents was intended to ensure that the benefits of the invention are ultimately freely enjoyed by the public. This principle was forcefully applied in *Kellogg Co.* v. *National Biscuit Co.*, 305 U.S. 111, 118 (1938), where, upon expiration of the patents on "shredded wheat" and the processes and machines used to make it, there passed to the public not only the right to make the product but also the right to make it in the "pillow" form dictated by the patented machines as well as the right to call it "shredded wheat." The *Kellogg* Court ultimately concluded that "sharing the goodwill of an article unprotected by patent or trade-mark is the exercise of a right possessed by all—and in the free exercise of which the consuming public is deeply interested." *Id.* at 122.

SUMMARY OF ARGUMENT

Conflict between the Florida Statute and the federal patent law arises because they grant conflicting rights in the same

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[8] Competitive utilization in this context does not necessarily imply an unrestricted right to use the technology. Obviously, both the state and federal governments may exercise their police powers to protect the health, safety, and welfare of their citizens, as by regulating the conditions under which drugs may be sold. Such exercises of police power, however, apply evenly to all competitors in a market.

subject matter. The Florida law protects unpatented boat hulls and boat manufacturing processes in perpetuity and without regard to the novelty or nonobviousness of the subject matter. The patent law protects boat hull designs and boat manufacturing processes only for a limited period of time and only when the product or process is both novel and nonobvious. State-created exclusive rights in technology which Congress has determined should remain in the public domain must yield to the superior federal policy.

The holdings in *Sears, Roebuck & Co.* v. *Stiffel Co.*, 376 U.S. 225 (1964), and *Compco Corp.* v. *Day-Brite Lighting, Inc.*, 376 U.S. 234 (1964) (collectively *"Sears-Compco"*), that state unfair competition laws may not prevent copying of unpatented articles, is based on the recognition that Congress, in crafting the patent law, decided not only what should be protected but also what should remain free. This Congressional decision applies not only to articles but also to machines, compositions of matter, and processes, such as the direct molding process involved in this case, which are also within the scope of the federal patent law. The Florida Statute in this case impermissibly grants the equivalent of a process patent.

The availability of other, more expensive, processes to duplicate the unpatented articles protected by the Florida Statute does not cure the constitutional infirmity. Congress has determined that it is both fair and in the public interest for the public to be free to copy unpatented products and practice unpatented processes. The states are not free to second guess that Congressional judgment by outlawing unpatented processes. State action denying access to efficient manufacturing processes, with attendant increases in cost, strikes at the heart of Congressional policy mandating free competition in unpatented products. The desire of Congress to leave in the public domain the "best" method, not just "some" method, of making unpatented products is confirmed by the fact that the patent law itself requires disclosure and ultimate conveyance to the public of the "best mode" of practicing an invention.

The Federal Circuit's decision in *Interpart Corp.* v. *Italia*, 777 F.2d 678 (Fed. Cir. 1985), sustaining the constitutionality of

the California anti-direct-molding statute, is wrong. The *Interpart* opinion fails to acknowledge that such statutes have the effect of withdrawing unpatented process technology from the public domain and interfere impermissibly with the judgment of Congress that there should be free competition in the market for unpatented products.

Subsequent refinements of the *Sears-Compco* doctrine, permitting states to regulate passing off, unprivileged imitation, breach of trust in connection with confidential information, licensing of confidential information, or rights in technological areas untouched by the patent law, are not implicated by the facts of this case. Nor are common law notions of misappropriation, historically recognized in areas untouched by the copyright law, applicable in this case where the subject matter covered by the Florida Statute is already covered by the patent law.

Together with the utility patent law and the design patent law, the federal copyright law reveals a comprehensive scheme of federal protection for articles of manufacture. Congress has so filled the field of protection of articles of manufacture that supplemental state protection has been preempted.

Any reevaluation of the balance struck by Congress in crafting the federal patent law should be left for Congress. Indeed, there is proposed legislation pending in Congress to deal with the question of copyright-like protection for industrial designs. It would be inappropriate for either the State of Florida or this Court to anticipate the policy judgments of Congress on this issue.

ARGUMENT

I. The Rationale of The *Sears* And *Compco* Decisions Demands Free Access To Unpatented Process Technology And Controls The Outcome Of This Case

A. There Is A Manifest Conflict Between The Florida Statute And The Federal Patent Law

The foregoing Statement of the Case reveals a manifest conflict between the state and federal interests underlying the

Florida Statute and the federal patent law. The Florida Statute withdraws from the public domain publicly known but unpatented process technology which is useful and efficient in the manufacture of publicly known and unpatented boat hull designs. It does so without regard to the novelty or nonobviousness of the designs or processes involved. The state's motive in doing so was not to prevent fraud or consumer confusion. The state has acted instead to protect one class of manufacturers against competition from another class of manufacturers by granting to the former the right to exclude the latter from using public domain technology.

The subject matter of the property right granted by the state is squarely within the scope of subject matter dealt with by the federal patent law. It is equally clear that the state law deals with subject matter which, in this case, Congress has already decided should remain accessible to the public, since it fails to meet the conditions for patentability which have been crafted by Congress and the courts over the years.

The State of Florida manifestly disagrees with the judgment of Congress as applied to the public's right to use the direct molding process in the manufacture of boats. It has promulgated a statute which sets to naught the prior Congressional act. It is well settled, however, that a conclusion of federal preemption is mandated when state law stands as an obstacle to the accomplishment and execution of the full purposes and objectives of Congress. *Aronson* v. *Quick Point Pencil Co.*, 440 U.S. 257, 262 (1979). The Florida Supreme Court, therefore, correctly concluded that the Florida Statute must yield in this case under the Supremacy Clause of the U.S. Constitution to the contrary policies underlying the federal patent law.

B. The Sears-Compco Decisions Mandate Free Access To Unpatented Process Technology

The Florida Supreme Court grounded its decision that the Florida Statute was unconstitutional and preempted by the federal patent law on this Court's decisions in the *Sears-Compco* cases. Those cases held that the policies underlying the federal patent law precluded enforcement of state unfair competition laws to prevent "copying" of publicly known but unpatented "articles" of manufacture. The patent policy underlying the *Sears-Compco* cases was that "matter once in the public domain must remain in the public domain." *Kewanee Oil Co.* v. *Bicron Corp.*, 416 U.S. 470, 484 (1973). That policy exists because "[t]he standards established for granting federal patent protection . . . indicated not only which articles . . . Congress wished to protect, but which configurations it wished to remain free." *Goldstein* v. *California*, 412 U.S. 546, 569-70 (1973). That the policy against withdrawal of unpatented technology from the public domain is in fact one of the cornerstones of the federal patent law is manifest from the previously described historical development of the law.

The Original Manufacturer in this case does not deny the existence of such a policy or contend that the *Sears-Compco* cases should be overruled. Rather, it suggests that the rule of law announced there does not extend to state statutes which prohibit use of a particular *process* in duplicating unpatented articles so long as those articles can be duplicated using some other, albeit less efficient, process. According to the Original Manufacturer, such statutes do not offend the policy underlying the federal patent law because they do not remove the unpatented "article" from the public domain.

The Original Manufacturer's argument is fatally flawed in several respects. First, it fails to apprehend that the above-described federal policy is not restricted to articles of manufacture but extends to processes, machines, and compositions of matter as well. It is true that the particular technological innovations involved in the *Sears-Compco* cases were articles of manufacture and the form of competitive use by others discussed in that case was "copying." It is not surprising, therefore, that the Court's holding was couched narrowly in terms of nullifying state unfair competition laws which prevent "copying" of unpatented "articles" of manufacture. As has been

previously demonstrated, however, the scope of technological innovation for which patents may be granted includes much more than "articles" of manufacture. It also includes processes, compositions of matter, and machines. 35 U.S.C. § 101. The result in *Sears-Compco* would have been no different had the unpatented thing appropriated by the defendant been a "machine" or a "process."

Moreover, the term "copying", as used in the *Sears-Compco* cases, must be read as simply a shorthand expression for the types of competitive uses which would have been prohibited by a valid patent, had it existed. These activities are defined in the patent statute, 35 U.S.C. § 154, without reference to the word "copying." Instead, the prohibited acts are defined as "making, using, or selling" the thing patented in the United States.[9] The policies underlying the federal patent laws referred to in the *Sears-Compco* cases demand that states be prohibited from limiting, under the guise of unfair competition laws, a competitor's right "to make, use, or sell" (the statutory equivalent of "copying" in *Sears*) any publicly known but unpatented "process, machine, [article of] manufacture, or composition of matter" (the statutory equivalent of "product" in *Sears*). To do otherwise would allow states to confer by statute some or all of the rights which would have been conveyed by patents.[10]

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[9] The Original Manufacturer concedes this point by characterizing *Sears* at page 23 of its Brief as holding that "state law may not provide a manufacturer of an unpatented product the right to exclude others from making, using, or selling that product." It is noteworthy in this regard that Sears, unlike Compco, was not actually manufacturing copies. Sears was only "selling" lamps which it purchased on the open market from an independent manufacturer. *Stiffel Co.* v. *Sears, Roebuck, Co.*, 162 F. Supp. 637, 638 (M.D.N.C. 1958) (deciding transfer motion).

[10] The federal copyright law supports the proposition that federal preemption extends to state statutes granting rights equivalent to *any* of the rights conveyed by a patent. The express preemption provisions of the copyright law enacted in 1976 extend to state laws which grant "rights that are equivalent to *any* of the exclusive rights within the general scope of copyright." 17 U.S.C. § 301(a) (emphasis added).

The State of Florida has attempted to prohibit, under the guise of an unfair competition statute, the "using" by a competitor of a publicly known but unpatented "process", specifically, the direct molding process. In so doing, it has run afoul of the *Sears-Compco* doctrine.

C. The Florida Statute Unlawfully Grants Rights Substantially Equivalent To A Process Patent

In direct contravention of the mandate of *Sears-Compco*, the Florida Statute grants rights substantially equivalent to a process patent. Such a patent would preserve for the originator of a process the right to exclude others from "making, using, or selling" that process in the United States. Since the economic value of technological processes is generally realized by "using" them, the right to exclude others from "using" a patented process is by far the most significant aspect of the process patent grant. This is exactly the effect of the Florida Statute.

The Florida Statute places the right to exclude others from using the direct molding process in the hands of the private citizens who manufactured the original boat hulls. To be sure, the right granted each individual boat manufacturer is a narrow one, restricted to duplication of the boats which it has sold. In the aggregate, however, the effect of the statute is essentially to eliminate from the storehouse of technology available to competitive manufacturers of boats the direct molding process for the manufacture of *any* boat hull in the public domain.

The Florida Statute grants this exclusive right without regard to whether that process technology is even minimally novel. It does so without regard to whether that process technology would have been obvious to persons of ordinary skill in the art. Moreover, it has removed that process technology from the public domain not just for a limited time, as mandated under the patent law, but in perpetuity.

In *Sears*, the Court held:

> Obviously a State could not, consistently with the Supremacy Clause of the Constitution, extend the life of a patent beyond its expiration date or give a patent on an

> article which lacked the level of invention required for federal patents. To do either would run counter to the policy of Congress of granting patents only to true inventions, and then only for a limited time.

376 U.S. at 231 (footnote omitted). If one substitutes for the word "article" in the above quoted portion of the *Sears* opinion the statutory definition of patentable subject matter from 35 U.S.C. § 101, i.e., "process, machine, [article of] manufacture, or composition of matter", then the holding of *Sears* squarely governs the present case on both counts.[11]

II. The Availability Of More Expensive Processes For Duplication Of Products Protected By The Florida Statute Does Not Cure The Constitutional Infirmity

The Original Manufacturer's statement of the question presented in this case, that is, whether a state may outlaw a particular method of copying unpatented articles which it regards as unfair as long as other methods for copying the article are available, must be answered in the negative.

A. Congress Has Already Determined That Use Of Unpatented Technology Is Fair

Prior to enactment of the Florida Statute, a competitor lawfully acquiring access to an unpatented boat could lawfully copy it in every detail. It could do so by practice of the direct

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[11] By purporting to forbid sale of boats made by direct molding, the Florida Statute gives a boat hull originator not only the perpetual right to exclude others from using the process of manufacturing its boat hull by direct molding but also purports to give the originator exclusive rights in the boats so produced. Thus, the Florida Statute, in effect, grants a "product-by-process" patent on the 5VBR boat hull whenever manufactured by the direct molding process. A "product-by-process" claim in a patent conveys the right to exclude others from making, using, or selling the defined product, but only when made by the process specified in the patent claim. *See* D. Chisum, *Patents* § 8.05, at 8-67 (1988). The patent law recognizes such claims as potentially patentable, but only when the resulting product is novel and nonobvious. *In re Thorpe*, 777 F.2d 695 (Fed. Cir. 1985).

molding process, which was also then in the public domain. These capacities were among the "resources available to skilled artisans" from which Congress had decided patents "cannot" subtract. *A&P*, 340 U.S. at 152-53.

The *Kellogg*, *Sears*, and *Goldstein* cases recognize that Congress has determined that subject matter not protected by a valid patent grant should be free for the public to use. The factual analysis of the reasons underlying the limitations on patent rights in the foregoing Statement of the Case confirms the rectitude of that view. The natural consequence of Congressional judgment to leave certain technology free is that it cannot be "unfair" for a member of the public to use it. Indeed, it is recognition of this consequence which underlies the 1938 holding in *Kellogg*, the 1964 holding in the *Sears-Compco* cases, and the 1987 holding of the Florida Supreme Court in this case.

Congress made what must have been a difficult decision in drawing the lines between protection and free competition embodied in the patent law. The Original Manufacturer and its supporting amici invite this Court to review the difficulty of that decision as they parade the consequences of the resulting competition through the pages of their briefs. That the decision may have been difficult does not diminish the fact that Congress has already made a policy judgment. That judgment was that it is lawful for competitors to make, use, and sell unpatented articles and to use unpatented processes. Congress has already determined that such use is not only fair but is to be encouraged for the greater public good. *Kellogg*, 305 U.S. at 122. If segments of society feel that Congress erred in so concluding, then the grievance is redressable in Congress—not in the state legislature and not in the courts. The Florida Supreme Court so held and was manifestly correct in doing so.

B. Withdrawal Of The Best Mode Of Making Unpatented Products Materially Compromises The Congressional Intent To Place Those Products In The Public Domain

The selective withdrawal of unpatented process technology, even if it does not create an absolute bar to sale of the unpa-

tented article made by it, raises a barrier to prompt public utilization of that unpatented product which itself offends the policies underlying the patent law. Specifically, state interference with the *techniques* used to duplicate an unpatented product materially compromises the federally-protected right to compete freely in the market for such products.

A fundamental tenet of a free market economy is that competition will result in lower prices and increased manufacturing efficiency. A competitor, in the exercise of sound business judgment, may well conclude that its manufacturing efficiency can be enhanced and its prices lowered by use of the direct molding process to duplicate an unpatented article. State interference with implementation of that decision strikes at the very heart of the benefits to be derived from the Congressional decision to allow competition in the manufacture and sale of the article in the first place. Indeed, the sole purpose of the Florida statute is to *prevent* manufacturing efficiencies and lower prices. This view led the Supreme Court of Florida to hold correctly that "a competitor is not 'unscrupulous' in the eyes of the patent law if he copies someone else's unpatented invention, irrespective of the manner employed to make the copy" (J.A.-35).

The patent law speaks to this very issue in 35 U.S.C. § 112, first paragraph. The statute not only requires the patent application to contain a written description of the invention which enables artisans to practice it but also requires disclosure of "the best mode of practicing the invention" then known to the inventor. The manifest purpose of this provision is to ensure *effective* conveyance of the invention to the public. Indeed, it was recognized early on in the patent system that concealment of the best mode of practicing a patented invention so compromised the public's ability to benefit from the invention that it was grounds for invalidating a patent.[12]

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[12] The best mode requirement is derived in part from a defense recognized in the Patent Act of 1790 based on the patentee's failure to disclose "the whole truth relating to his invention." Act of April 10, 1790, ch. 7, § 6, 1 Stat. 109. *See generally*, D. Chisum, *Patents* § 7.02 (1988). As described by the Federal Circuit, the so-called "enablement" requirement of 35 U.S.C. § 112, first paragraph, looks to placing the patented invention "in the possession of the public." *Spectra-Physics, Inc.* v. *Coherent, Inc.*, 827 F.2d 1524, 1532 (Fed. Cir.), *cert. denied*, 108 S. Ct. 346 (1987). The court went on to note that:

> If, however, the applicant [for patent] develops specific instrumentalities *or techniques* which are recognized at the time of filing [the patent application] as the best way of carrying out the invention, then the best mode requirement [of 35 U.S.C. § 112, first paragraph] imposes an obligation to disclose that information to the public as well.

Id. (emphasis added) (citation omitted). Thus in *Spectra-Physics*, a patent on an *article* of manufacture—a laser—was found invalid for failure to reveal to the public the best *process* for manufacturing that article.

It is, therefore, an affirmative policy of the patent law that the public have access to the "best" known technique, not just "some" technique, for practicing *patented* inventions which pass into the public domain. That policy is offended by concealing the best technique from the public. The policies underlying the patent statute would be no less offended by state action reserving for the inventor, under the guise of state unfair competition legislation, the best mode of practicing *unpatented* inventions which are already in the public domain.

It is reasonable to infer that the direct molding process is the "best mode" of manufacturing the unpatented products in this case. It would make little sense to seek legislation to outlaw it if it were not. A state law denying competitive access to that technique offends the policies of the patent law.

C. It Is Impractical To Distinguish Between Fair And Unfair Duplication Technologies

The Original Manufacturer attempts to draw a totally illogical distinction between copying by direct molding (which

is said to be "unfair", "unscrupulous", and "predatory") and copying by independent reconstruction of a mold based on measurement of the original manufacturer's boat (which is said to be permissible).[13] Both techniques fit squarely within common notions of "reverse engineering" sanctioned by this Court in *Kewanee*. Both involve an element of reaping where one has not sown. In both techniques, the originator's basic design work and risk analysis inure to the benefit of the subsequent copier. The only rational distinction between the two types of copying is that one is faster and less expensive and, therefore, more efficient than the other.

The attempt to distinguish between legal and illegal duplication technologies on the ground of effectiveness immediately raises the question of where the line is to be drawn between methods of copying which are too effective to be tolerated and those which are sufficiently ineffective to be permitted. The answer is that no rational line between the two can be drawn. The judgment of unfairness being essentially arbitrary, there is no practical way to limit the number or nature of technologies which a state might deem unfair.

III. The Federal Circuit Erred In Sustaining The California Direct Molding Statute In The Interpart Case

The Original Manufacturer and the assorted amici supporting its position place much weight on the decision of the U.S. Court of Appeals for the Federal Circuit in *Interpart*. Following a brief analysis, the Federal Circuit there sustained the California anti-direct molding statute against a Constitutional preemption challenge. In reaching its decision, the Federal Circuit did not consider the fact that the direct molding statute there in issue granted the equivalent of process patent protec-

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[13] Inflammatory adjectives do not aid analysis in this case. If the Competitor in this case had a legal right to copy the Original Manufacturer's boat hull using the direct molding process, it cannot have been "unscrupulous" for it to have done so. *See, e.g., International News Serv.* v. *Associated Press*, 248 U.S. 218, 259 (1918) (Brandeis, J., dissenting).

tion on the direct molding process as applied to the goods of individual manufacturers. Moreover, the Federal Circuit did not address the evidence of a strong policy of the federal patent law in preserving free and open competition in unpatented products and processes previously described in detail.[14] Simply stated, the Federal Circuit erred in its application of the *Sears-Compco* doctrine to this issue, and the majority of the Florida Supreme Court so held.

Beyond the foregoing, the Federal Circuit's holding in *Interpart* is far from clear. Specifically, it stated its ultimate conclusion on preemption in a somewhat enigmatic manner, holding:

> *Absent an existing patent right*, we see nothing in the federal patent statutes that conflicts with California's desire to prevent a particular type of competition which it considers unfair.

777 F.2d at 685 (emphasis added). The reader is left to speculate in vain regarding the meaning of the emphasized introductory phrase. Would the conclusion have been different had there been an "existing patent right"? If so, is not the California statute, which applies regardless of whether or not there is an existing patent right, fatally overbroad?[15]

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[14] The Federal Circuit cited *Mine Safety Appliances* v. *Electric Storage Battery*, 405 F.2d 901, 902 n. 2 (C.C.P.A. 1969), as authority for the proposition that the patent laws "say nothing about the right to copy or the right to use, they speak only in terms of the right to exclude." The cited case had nothing whatsoever to do with federal preemption of state unfair competition laws. By its terms, it was only "concerned with . . . the statutes pertaining to trademark registration and the case law construing those statutes." *Id.* While acknowledging that some arguments had been advanced based on the *Sears* and *Compco* cases, the court specifically noted that "we find it unnecessary . . . to consider their applicability." *Id.*

[15] Application of the *Interpart* holding to the facts of this case reveals its frailty. There exists an expired U.S. patent on direct molding processes for making boat hulls (A-9). Thus, there is no

IV. Subsequent Refinements Of The *Sears-Compco* Doctrine Do Not Alter The Result In This Case

Although the *Sears-Compco* doctrine has been refined over the years by this Court and the lower federal courts, nothing has emerged from those refinements which reduces the applicability of the *Sears-Compco* rulings to the facts of this case. The analysis leading to this conclusion has been ably articulated and rearticulated by the three Florida state courts which have passed on the issue (J.A.-10, 14, 30).

None of the commercially reprehensible conduct sometimes associated with "copying" is present in this case. Thus, there is no allegation of fraud, deception, passing off, or unprivileged imitation of nonfunctional trade dress or product configuration which has acquired a secondary meaning. Nor is there any allegation of theft of trade secrets, breach of fiduciary relationship, or breach of contract. Accordingly, language in the *Sears-Compco* opinions and in the opinions of the lower federal courts indicating that federal preemption does not reach state regulation of such conduct is inapposite.

The Original Manufacturer places particular reliance on *Kewanee Oil Co.* v. *Bicron Corp.*, 416 U.S. 470 (1974), *Aronson* v. *Quick Point Pencil Co.*, 440 U.S. 257 (1979), and *Goldstein* v. *California*, 412 U.S. 546 (1973). Each of these decisions permitted some state regulation of certain aspects of intellectual property law. Yet, the rule of law announced in the *Sears-Compco* cases was reaffirmed in each of these subsequent opinions, and the refinements on the basic doctrine announced in those cases are not implicated in the present case.

"existing patent right" within the meaning of the *Interpart* holding. Yet, the authorities are legion that federal patent policy demands that that process be freely and immediately available to competitors upon patent expiration. To the extent that the California statute could be used to perpetuate in any way a continuing monopoly on a patented process after patent expiration, it would clearly run afoul of a very fundamental tenet of the patent system.

A. This Case Does Not Involve Confidential Information

In *Kewanee*, the *Sears-Compco* doctrine was found not to extend to state protection of confidential information which is not in the public domain. Thus, state trade secret laws may lawfully protect such confidential information from discovery by improper means or through breach of trust without disrupting the policies of the patent law.

The critical point of distinction between this case and *Kewanee* appears from the Court's statement that:

> Similarly, the [patent law] policy that matter once in the public domain must remain in the public domain is not incompatible with the existence of trade secret protection. By definition, a trade secret has not been placed in the public domain.

416 U.S. at 484 (footnote omitted).

Both the configuration of the boat hull and the direct molding process for duplicating it in this case were in the public domain. There is no allegation of appropriation of a secret design or of a secret method in this case. Accordingly, the trade secret refinement of the *Sears-Compco* doctrine is not implicated.[16]

B. This Case Does Not Involve Contracts To License Confidential Information

An obvious outgrowth of the viability of state trade secret law is that a contract to pay royalties in exchange for the right to use confidential information of another is not preempted by the federal patent law. This logical conclusion was reached by

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[16] Amici in support of the Original Manufacturer contend that use of the direct molding process misappropriates the confidential tooling used to make the original boats. The contention does not withstand analysis. To the extent the original tooling can be derived or duplicated from inspection or use of a product sold on the open market, it is no longer proprietary under any accepted definition of a trade secret. *See Kewanee*, 416 U.S. at 476.

this Court in *Aronson*. It was there held that a licensee, who received the details of a confidential product idea in exchange for a promise to pay royalties based on subsequent commercialization of the idea, was not relieved of his contractual obligation to do so simply because his acts of commercialization revealed the idea to competitors, who were then free to copy the product without any royalty obligation.

The critical distinction between this case and *Aronson* is again apparent from the Court's opinion, which stated:

> Enforcement of the agreement does not withdraw any idea from the public domain. The design for the key holder was not in the public domain before Quick Point obtained its license to manufacture it.

440 U.S. at 263. There is no allegation in this case that the idea for the duplicated boat hull was confidential at the time the Competitor duplicated it or that the Competitor had contractually agreed to pay the Original Manufacturer for the right to manufacture the boat in exchange for the disclosure of then confidential information. Accordingly, this refinement of the *Sears-Compco* doctrine is inapplicable.

C. This Case Does Not Involve Technological Areas Untouched By The Patent Law

In *Goldstein*, this Court held that the *Sears-Compco* doctrine would not prevent state regulation of copying in an area in which Congress had not acted. Specifically, it was held that Congress' failure prior to 1972 to protect sound recordings under the copyright law justified state action in that area. That void was filled with federal legislation in 1972. This Court specifically distinguished the pre-1972 situation in the copyright law, where no protection for certain classes of works had even been contemplated by the existing law, from the pervasive protection provided by the patent law in the field of technological innovation. The Court in *Goldstein* observed:

> In regard to mechanical configurations, Congress had balanced the need to encourage innovation and originality against the need to insure competition in the sale of identical or substantially identical products. The standards established for granting federal patent protection to machines thus indicated not only which articles in this particular category Congress wished to protect, but which configurations it wished to remain free. The application of state law in these cases to prevent the copying of articles which did not meet the requirements for federal protection disturbed the careful balance which Congress had drawn and thereby necessarily gave way under the Supremacy Clause of the Constitution.

412 U.S. at 569-70.

The Original Manufacturer in this case does not contend that boat hulls and methods of making boat hulls are not comprehended by the patent law. In fact, the broad scope of the patent statutes and their applicability to innovations of the sort involved here has been previously established. That being the case, the rationale of *Goldstein* is simply inapplicable to the facts of this case.[17]

V. The INS Decision Does Not Govern This Case

Amici in support of the Original Manufacturer have suggested that this Court's decision in *International News Serv.* v.

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[17] Although not urged by the Original Manufacturer, amici supporting its position suggest that decisions of this Court and lower federal courts recognizing a "right of publicity" which may not be preempted by federal patent or copyright law somehow support their position. Illustrative of such cases in *Zacchini* v. *Scripps-Howard Broadcasting Co.*, 433 U.S. 563 (1977). The right of publicity, however, unlike property rights in publicly disclosed technological innovations, has its roots in the common law, more specifically, in the law of privacy. The publicity value of an act of entertainment is not something that was ever contemplated for inclusion within the scope of the patent or copyright law. Accordingly, the analysis in *Goldstein* suggests that even if state law protection of the right of publicity is not preempted by the federal patent and copyright laws, the reasons underlying that conclusion are inapplicable to this case. There being no allegation of violation of a "right of publicity" in this case, this refinement of the *Sears-Compco* doctrine is inapplicable.

Associated Press, 248 U.S. 218 (1918) (hereinafter *"INS"*), should impact on the outcome of this case. To be sure, *INS* reflects a general human and judicial inclination to create a legal remedy wherever it appears that one individual has profited from the ingenuity and industry of another. The majority in *INS* gave vent to that inclination by recognizing a quasi-property right in fresh news. That property right would have prevented one competitive news-gathering organization from publishing news gathered by another such organization, even after it had been publicly disseminated, for as long as the information had commercial value as news. The Court was compelled to create such a right since the federal copyright law did not recognize any property rights in news.

The majority's reaction to the facts in *INS* undoubtedly reflects the same sympathies that must have influenced the lower courts in the *Sears* and *Compco* cases to enjoin the acts of copying before them and that moved the Florida legislature to seek to prohibit duplication of the sort involved in this case. The *Kellogg*, *Sears*, *Compco*, and *Goldstein* cases, however, make clear that it is a significant policy of the U.S. patent laws that copying of publicly known but unpatented articles, machines, compositions of matter, and processes must be permitted. It is obviously a bitter pill for some to swallow, but Congress has determined that it is good medicine for a competitive economy. Even good medicine may leave a bad taste in the mouth.

The inapplicability of the *INS* rationale to preemption issues of the sort presented in this case is manifest from the fact that boat hulls and direct molding processes for making boat hulls are squarely within the scope of the existing federal patent law. This fact distinguishes this case from the *INS* situation, in which there was no treatment of the subject matter under the federal copyright law. Moreover, extension of *INS* to situations where federal patent policies override state unfair competition laws seems to have been rejected in this Court's subsequent *Kellogg*, *Sears*, and *Compco* rulings.

VI. Reference To The Federal Copyright Law Confirms The Conclusion Of Preemption

Various amici have argued for and against preemption in this case by the express preemption provision of the 1976 federal copyright act. 17 U.S.C. § 301 (1976).[18] The argument for preemption under the copyright law itself is persuasive. Moreover, reference to the copyright law in the context of the preemption theories previously advanced based on the utility patent and design patent laws, which alone amply warrant affirmance of the judgment below, further confirms the wisdom of the judgment of the Florida Supreme Court.

The three statutes reveal a pervasive scheme of federal protection in the area of publicly disseminated articles. The utility patent law, 35 U.S.C. § 101 *et seq.*, protects, to the extent deemed wise by Congress, the utilitarian aspects of articles of manufacture. The design patent law, 35 U.S.C. § 171 *et seq.*, protects, to the extent deemed wise by Congress, ornamental designs for articles of manufacture. The copyright law, 17 U.S.C. § 101 *et seq.*, protects, to the extent deemed wise by Congress, sculptural works embodied in articles of manufacture. The field of protection against duplication of publicly disseminated articles of manufacture has been so filled with federal legislation that it would be imprudent to allow interstitial state protection of articles of the sort involved in this case. *See, e.g., California Federal Sav. & Loan Assn.* v. *Guerra*, 107 S. Ct. 683, 689 (1987) (comprehensive scheme of federal regulation raises reasonable inference that no room is left for state regulation).[19]

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[18] Brief of Amicus Curiae Certified Automobile Parts Association In Support of Respondent (arguing for preemption); Brief Amici Curiae of the Orange County Patent Law Association and the Los Angeles Patent Law Association In Support of Petitioner at 15-23 (arguing against preemption).

[19] Amicus IPO points to the Semiconductor Chip Protection Act of 1984, ("Chip Act"), P.L. No. 98-620, 17 U.S.C. §§ 901-914, and argues

VII. Any Reevaluation Of The Balance Between Competition And Incentive For Innovation Struck By The Patent Laws Should Be Left To Congress

The Original Manufacturer seeks in essence to have this Court restrike the balance between free and open competition and stimulation of innovation to tip it further toward the latter than Congress has in promulgating the existing patent law. This Court has repeatedly recognized that such fundamental policy decisions are for the legislature to make based on the thorough investigative powers at its disposal. *See, e.g., Diamond* v. *Chakrabarty*, 447 U.S. at 317-18; *Deepsouth Packing Co.* v. *Laitram Corp.*, 406 U.S. 518, 530-31 (1972).[20]

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that the protection provided by that Act is analogous to the Florida anti-direct-molding statute. Section 912(c) explicitly preempts all state laws that provide rights or remedies equivalent to the Chip Act. IPO suggests that Congress acknowledged that the states previously had a right to prevent copying of semiconductor chips when Congress provided in § 912(c) that "such preemption shall be effective only with respect to actions filed on or before January 1, 1986."

The Chip Act is a new form of protection, in a class by itself, established to meet the needs of the masking technologies used in the relatively new semiconductor chip field. The scheme for protection of mask work is closely analogous to copyright, and dissimilar to patents, hence the codification of the Chip Act in Title 17 of the United States Code. In the absence of direct evidence that Congress actually felt that existing state laws could prevent the copying of mask works (and IPO cites no such evidence), it is logical to presume that it was simply prudent legislative drafting to include a provision such as § 912(c) in the Act, analogous to 17 U.S.C. § 301(b)(2), to phase in this new form of protection.

[20] In the *Deepsouth* case, for example, this Court refused to extend the territorial effect of the United States patent laws to reach as acts of infringement shipment from within the United States of elements of a patented combination for ultimate combination outside the United States. This Court instead deferred to Congress to make the judgment of whether or not the scope of exclusive rights cognizable under the federal patent system should be broadened. Congress in fact considered the issue and broadened 35 U.S.C. § 271 of the patent statute by adding § 271(f) to reach such situations in 1984. Public Law 98-622, sec. 101, 98 Stat. 3383.

Congress now has before it proposed legislation to confer a short-term, copyright-like protection on industrial designs. H.R. 1179, 100th Cong., 1st Sess. (Feb. 19, 1987). *See generally* Brown, *Design Protection: An Overview*, 34 U.C.L.A. L.Rev. 1341 (1987). Hearings were held in June of this year before the House Subcommittee on Courts, Civil Liberties and the Administration of Justice which generated considerable debate on the competitive effects of such legislation. *See generally House Panel Hears Testimony on Design Protection Legislation*, 36 Pat. Trademark & Copyright J. BNA at 242 (June 30, 1988). In many respects, that debate parallels the issues presented to this Court in this case.

Congress is the only forum in which the question of additional design protection can be handled on a national scale. A patchwork of inconsistent state laws cannot effectually deal with the issue, as the framers of the Constitution realized in creating a federal patent system in the first place (see Footnote 7, *supra*). The debate is currently before Congress, and that is where it belongs. This Court should decline the offer to anticipate the judgment of Congress.

CONCLUSION

For the reasons set forth above, amicus curiae appointed by the Court to brief and argue the case in support of the judgment below respectfully submits that the judgment of the Florida Supreme Court should be affirmed.

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APPENDIX

APPENDIX

Statutes Involved

1. United States Constitution, Art. I, §8, cl. 8: The Congress shall have Power:

   To promote the Progress of Science and the useful Arts, by securing for limited times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.

2. U.S. Constitution, Art. VI, cl. 2:

   This Constitution, and the Laws of the United States which shall be made in Pursuance thereof; and all Treaties made, or which shall be made, under the Authority of the United States, shall be the supreme Law of the Land; and the Judges in every State shall be bound thereby, any Thing in the Constitution or Laws of any State to the Contrary notwithstanding.

3. Title 35, United States Code, § 101:

   § 101 Inventions Patentable

   Whoever invents or discovers any new and useful process, machine, manufacture or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

4. Title 35, United States Code, § 171:

   § 171 Patents for Designs

   Whoever invents any new, original and ornamental design for an article of manufacture may obtain a patent therefor, subject to the conditions and requirements of this title. . . .

5. Title 35, United States Code, § 102:

   § 102 Conditions for Patentability; Novelty and Loss of Right to Patent

A person shall be entitled to a patent unless--

(a) the invention was known or used by others in this country, or patented or described in a printed publication

in this or a foreign country, before the invention thereof by the applicant for patent, or

(b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of the application for patent in the United States, ...

6. Title 35, United States Code, § 103:

§ 103 Conditions for Patentability; Non-obvious Subject Matter

A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made. . . .

7. Title 35, United States Code, § 112:

§ 112. Specification

The specification shall contain a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same, and shall set forth the best mode contemplated by the inventor of carrying out his invention.

8. Title 35, United States Code, § 154:

§ 154 Contents and Term of Patent

Every patent shall contain a short title of the invention and a grant to the patentee, his heirs or assigns, for the term of seventeen years, subject to the payment of fees as provided for in this title, of the right to exclude others from making, using, or selling the invention throughout the United States, referring to the specification for the particulars thereof. A copy of the specification and drawings shall be annexed to the patent and be a part thereof.

9. The Florida Statute, Fla. Stat. § 559.94 (1983):

§ 559.94 Duplication of vessel parts; action for injunctive relief against illegal duplication or against sale of illegally duplicated vessel parts.

(1) As used in this section, the term:

(a) "Direct molding process" means any direct molding process in which the original manufactured vessel hull or component part of a vessel is itself used as a plug for the making of the mold, which mold is then used to manufacture a duplicate item.

(b) "Mold" means a matrix or form in which a substance or material is shaped.

(c) "Plug" means a device or model used to make a mold for the purpose of exact duplication.

(2) It is unlawful for any person to use the direct molding process to duplicate for the purpose of sale any manufactured vessel hull or component part of a vessel made by another without the written permission of that other person.

(3) It is unlawful for any person to knowingly sell a vessel hull or component part of a vessel duplicated in violation of subsection (2).

(4) Any person who suffers injury or damage as the result of a violation of the provisions of this section may bring an action in circuit court for an injunction prohibiting such violations. In addition, such person shall be entitled to actual damages incurred as a result of such violation and to reasonable attorney's fees and costs.

(5) The provisions of this section apply only to vessel hulls or component parts of vessels duplicated through use of molds made on or after July 1, 1983.

114-290. XR 3,930,455 SR

United States Patent [19]

Bremer

[11] **3,930,455**

[45] **Jan. 6, 1976**

[54] **BOAT HULL CONSTRUCTION**

[76] Inventor: **Harry Bremer**, P.O. Box 488, Elkhart Lake, Wis. 53020

[22] Filed: **Sept. 19, 1974**

[21] Appl. No.: **507,260**

[52] U.S. Cl. ..... 114/56; 9/6 P; 114/66.5 R

[51] Int. Cl.² B63B 1/20

[58] Field of Search ..... 114/56, 61, 62, 63, 66.5 R, 114/66.5 S, 66.5 F, 70; 9/6 P, 6 M, 6 R; 115/39

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[57] **ABSTRACT**

A boat hull construction having a bottom formed with a central longitudinal surface and side surfaces spaced on either side of the central surface. Both the central surface and the side surfaces are flat in a cross sectional direction, and the side surfaces are separated from the central surface by upwardly arched channels. The three parallel flat surfaces enable the boat to plane at lower speeds and provide improved lateral stability.

6 Claims, 6 Drawing Figures
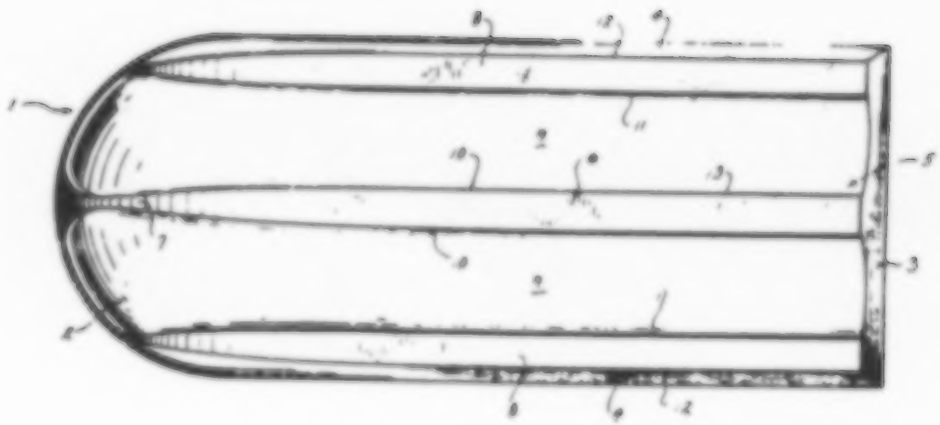




Fig. 1

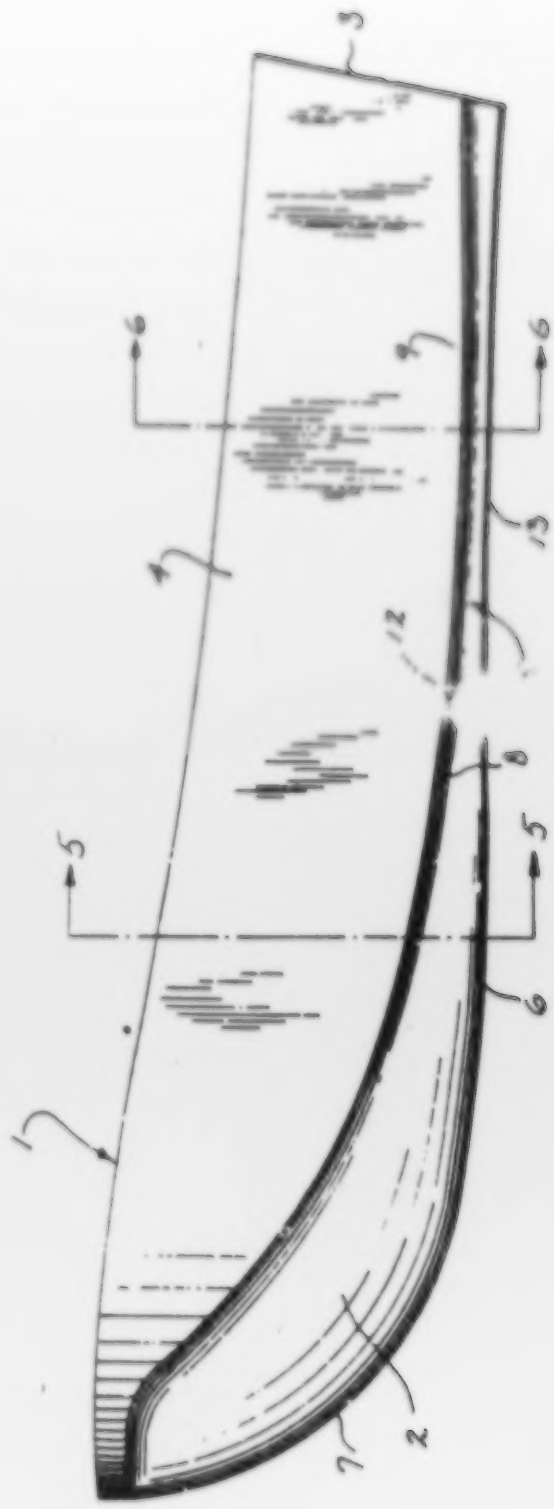


Fig. 2

Fig. 3

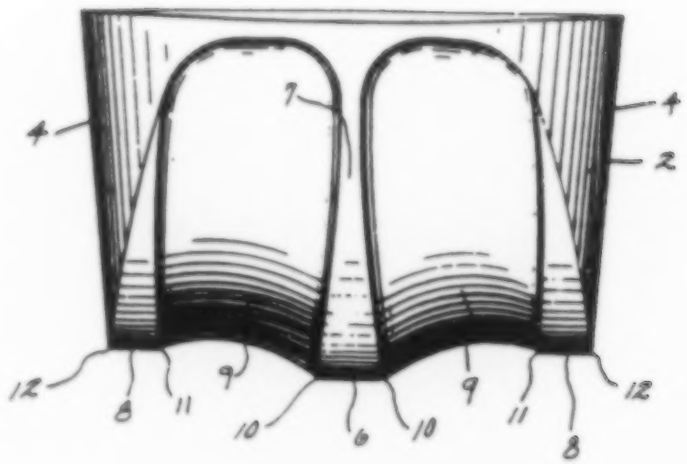


Fig. 4

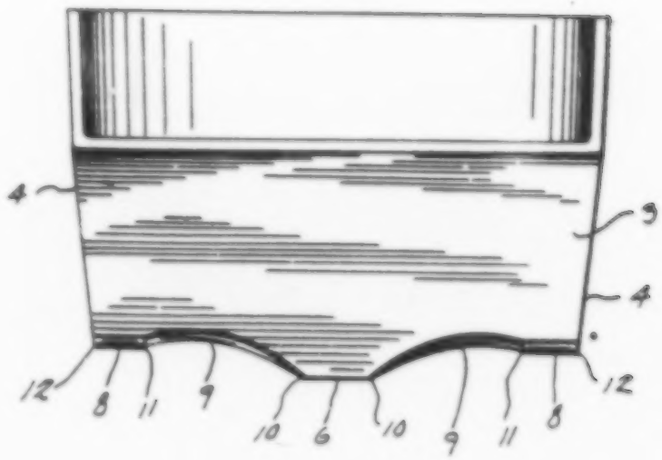


Fig. 5

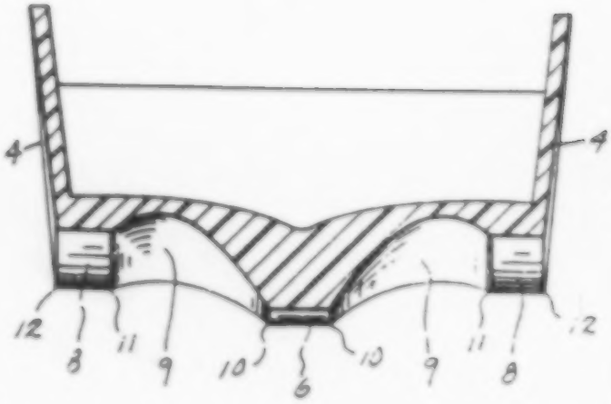
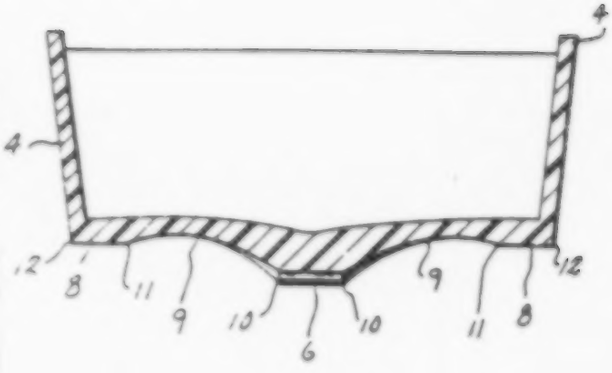


Fig. 6



1

BOAT HULL CONSTRUCTION

BACKGROUND OF THE INVENTION

Flat bottomed hulls are considered to have good planing characteristics due to the fact that there is a minimum amount of wetted surface and as a result there is a minimum drag as the speed is increased. However, flat bottomed hulls lack stability on turning and also have a tendency to produce a rough ride in choppy water.

V-bottom hulls are generally formed with a relative deep V at the bow which flattens out toward the stern. The V-hull has the advantage of being able to cut into heavy seas, although as the V cuts down into the water the water is displaced upwardly along the V and has a tendency to slap against the bottom of the hull. Furthermore, the V-bottom hull lacks lateral stability particularly in the forward areas.

More recently the tri-hull has become more popular in smaller boats. The tri-hull consists of a central V along with V's of lesser depth along the side edges of the hull. The tri-hull provides a substantial increase in lateral stability, particularly in the forward areas, but acts to increase the amount of wetted surface so that the planing characteristics of the tri-hull are adversely effected.

Various other types of modified V-hulls or tri-hulls have been used in the past in an attempt to obtain better planing characteristics or to increase the stability of the hull.

SUMMARY OF THE INVENTION

The invention relates to an improved boat hull construction which provides better planing characteristics as well as greater stability. In accordance with the invention, the bottom of the hull is formed with a central longitudinally extending flat surface which extends from the stern toward the bow. The central surface is flat in a lateral or cross-sectional direction, through its length. In addition, the bottom is provided with a pair of

side surfaces which are parallel to the central surface and are separated from the central surface by upwardly arched channels. Each side surface is flat in a lateral or cross-sectional direction throughout its length, and at any cross-sectional location, the side surfaces lie in a common plane.

The portion of the central surface located adjacent the stern is slightly concave in a longitudinal direction, while the side surfaces are slightly convex in a longitudinal direction.

The three parallel surfaces act in a manner similar to water skis and provide improved planing characteristics enabling the boat to plane at substantially lower speeds.

In addition, the side surfaces on the bottom of the hull provide excellent lateral stability for the hull, resisting tipping even when a substantial weight is applied to the gunwale.

The hull construction also provides improved turning characteristics which minimizes skidding during high speed turns and eliminates the problem of cavitation of the propeller which frequently occurs during high speed skids.

Other objects and advantages will appear in the course of the following description.

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DESCRIPTION OF THE DRAWINGS

The drawings illustrate the best mode presently contemplated of carrying out the invention.

In the drawings:

FIG. 1 is a bottom view of the boat hull construction of the invention;

FIG. 2 is a side elevation of the boat hull;

FIG. 3 is an end view of the bow of the hull;

FIG. 4 is an end view of the stern of the hull;

FIG. 5 is a section taken along line 5–5 of Fig. 2; and

FIG. 6 is a section taken along line 6–6 of FIG. 2.

DESCRIPTION OF THE PREFERRED EMBODIMENT

The drawings illustrate a boat hull 1, which can be preferably formed as a hollow shell by molding reinforced plastic material, such as a mixture of a thermo-setting resin and glass fibers. In general, the hull is provided with a curved bow 2, and a generally squared off stern 3. Tapered sides 4 and a bottom 5 are connected to the stern and merge into the bow. The drawings illustrate the side surfaces 4 being relatively straight in a fore-and-aft direction, but it is contemplated that the sides 4 can be bowed or convex.

In accordance with the invention, the bottom 5 is formed with a central, longitudinally extending surface 6 which extends from the stern toward the bow. The surface 6 is generally flat in a lateral or cross-sectional direction, as best illustrated in FIGS. 3-6, and the surface 6 has a substantially constant width from the stern of the boat to a location at the bow. As shown in FIG. 1, the forward portion 7 of surface 6 at the bow is tapered inwardly to provide a lesser width, although the taper is not necessary to the invention. However, it is important that the portion of the surface 6 extending from the stern 3 to the bow 2 have a substantially constant width throughout its length so that it will function in the manner similar to that of a water ski.

In addition, to the central surface 6, the bottom 5 is provided with a pair of side surfaces 8 which are parallel to the central surface 6. As in the case of the central surface, the side surfaces 8 are generally flat in a lateral or cross-sectional direction and have a substantially constant width from the stern to a location adjacent the bow. The surface 6 has a substantially greater width than the width of the side surfaces 8.

Separating the central surface 6 from the side surfaces 8 are the upwardly arched channels 9. The channels 9 have a greater depth in the area toward the bow as shown in FIG. 3, and have a lesser depth in the area adjacent the stern as shown in FIG. 4. The central surface 6 is bordered by the relatively sharp,

The central surface 6 is bordered by the relatively sharp, parallel side edges 10, and similarly the side surfaces 8 are bordered by the relatively sharp side edges 11 and 12.

The channels 9 have a substantially constant lateral width from the stern to the bow and thus a vertical plane passing through the edges 10 is parallel to a vertical plane passing through the edges 11 of the side surfaces.

While the central surface 6 is generally flat in a lateral direction, the stern portion of the central surface 6 is provided with a slight concavity in a longitudinal direction, as indicated by 13. On the other hand, the side surfaces 8 are generally convex in a longitudinal direction as best illustrated in FIG. 2.

The three flat parallel surfaces 6 and 8 act to combine the best characteristics of a flat bottom full, a V-hull and a tri-hull. The three surfaces 6 and 8 act similar to water skis and minimize the amount of wetted surface, thereby reducing the drag and enabling the boat to plane at substantially lower speeds. In addition, the upwardly arched channels 9 provide a lift effect, which in combination with the flat surfaces 6 and 8, provides the improved planing characteristics. As the hull moves into the water, the surfaces 6 and 8 being flat will displace the water laterally outward from the respective surface in a generally horizontal direction and this water flow along with the air moving through the channels will provide a lifting effect to improve the planing characteristics of the hull.

The hull has improved turning capabilities because the relatively sharp edges 10 and 11 will act to dig into the water during a turn and prevent the hull from skidding. Thus, the hull provides a greater number of digging edges during a turn than either the normal V-hull or tri-hull, with the result that the stability is increased and the turning characteristics are improved.

The hull construction also has improved lateral stability due to the flat side surfaces 8 which extend from the stern forwardly toward the bow, enabling the hull to resist tipping even when a substantial weight is applied in the gunwale area. This feature also improves the buoyancy of the hull, permitting the hull to carry greater loads.

Various modes of carrying out the invention are contemplated as being within the scope of the following claims particularly pointing out and distinctly claiming the subject matter which is regarded as the invention.

I claim:

1. A modified deep V boat hull construction, comprising a bottom having a central surface extending longitudinally from the stern toward the bow, said central surface being generally flat in a cross-sectional direction, said bottom having longitudinally extending side surfaces spaced laterally on either side of said central surface, said side surfaces being generally flat in a cross-sectional direction, at any cross-sectional plane through the hull the line of intersection of each of said side surfaces and said plane being horizontal and the

line of intersection of said central surface and said plane being horizontal and at a lower level than said first named lines of intersection, and said hull having longitudinally extending upwardly arched curved channels connecting said central surface with each side surface, said channels having a substantially uniform lateral width from the stern of the hull toward the bow.

2. The boat hull construction of claim 1, wherein the central surface has a substantially uniform lateral width from the stern to a location adjacent the bow and said side surfaces each have a substantially uniform lateral width from the stern to a location adjacent the bow.

3. The boat hull construction of claim 1, wherein the portion of the central surface disposed adjacent the stern has a slightly concave configuration in a stern-to-bow direction and

the side surfaces have a slightly convex configuration in a stern-to-bow direction.

4. The boat hull construction of claim 1, wherein the central surface has a greater lateral width than the side surfaces.

5. A modified deep V boat hull construction comprising a bottom having a central longitudinally extending generally V-shaped keel with the bottom of the keel terminating in a laterally flat central surface, said bottom having longitudinally downwardly extending generally V-shaped side ridges spaced laterally on both sides of the central keel, said side edges terminating in laterally flat side surfaces, at any vertical cross-sectional plane through the hull said side surfaces being generally parallel to each other and generally parallel to said central surface and said central surface being at a lower level than said side surfaces, and said hull having longitudinally extending upwardly arched continuously curved channels connecting said keel, with said side ridges, each of said channels having a greater lateral width than said central surface and having a greater lateral width than the individual side surfaces.

6. The boat hull construction of claim 5, wherein said central surface has a substantially uniform width in a lateral direction and said side surfaces each having a substantially uniform width in a lateral direction, said central surface having a greater width than said side surfaces.

* * * * *

264-225 CROSS REFERENCE SEARCH ROOM

Dec. 31, 1968 R. L. SMITH 3,419,646

METHOD FOR MAKING AN EARTH PIT MOLD FOR A PLASTIC BOAT HULL

Filed Sept. 13, 1966

Fig. 1.

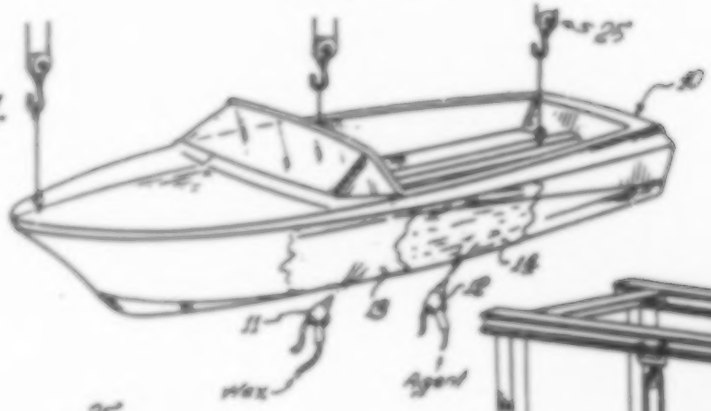


Fig. 2.

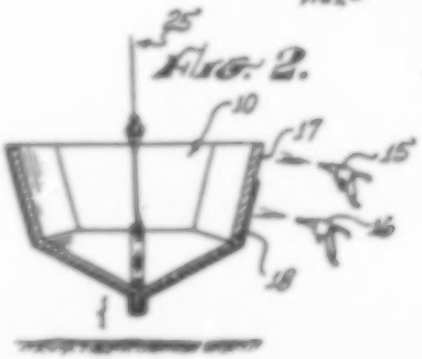


Fig. 5.

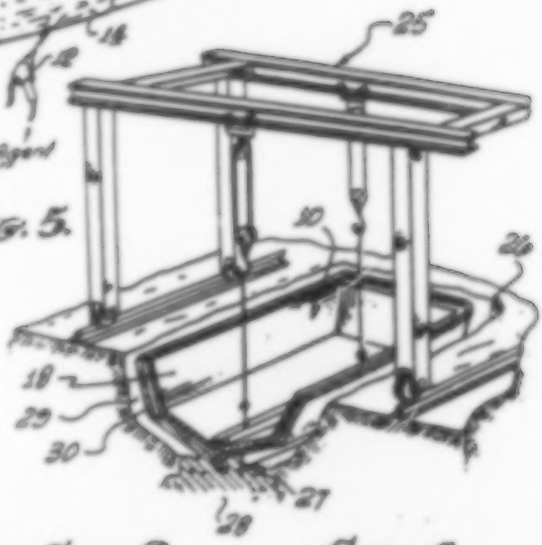


Fig. 6.

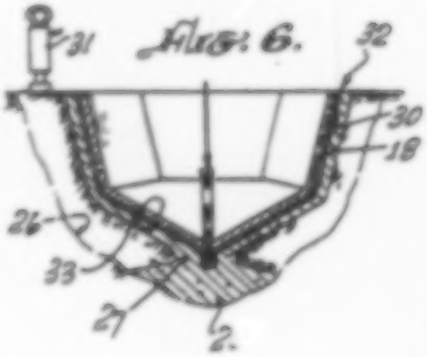


Fig. 3.



Fig. 4.

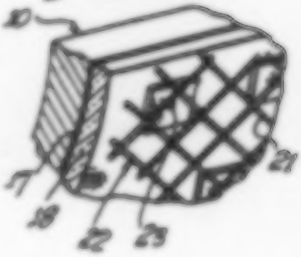


Fig. 8.

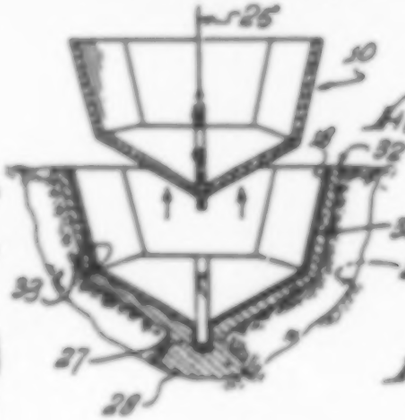
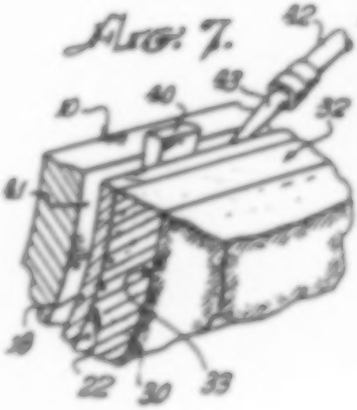


Fig. 7.



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Attorney.

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United States Patent Office

3,419,646
Patented Dec. 31, 1968

3,419,646
METHOD FOR MAKING AN EARTH PIT MOLD FOR A PLASTIC BOAT HULL

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Filed Sept. 13, 1966, Ser. No. 579,090
7 Claims. (Cl. 264--32)

This invention relates generally to the making of a mold to duplicate very large plastic objects, such as a fiberglass boat hull.

More particularly, the invention relates to such a method in which a prototype hull is first coated in several layers to form a precisely fitting mold liner structure, and thereafter, a massive mold supporting structure is formed from successive applications of steel reinforcing, spray-deposited concrete, and tamped earth, within a mold-accommodating pit.

Plastic-covered fiberglass has become the most widely accepted material for small boat hulls. Beginning a few years ago with pleasure boat hulls ten or twelve feet long, fiber glass construction has slowly displaced wood as the most popular material in boat hulls of greater and greater length. At the present time, fiber glass boat hulls between thirty and fifty feet in length are not uncommon and may come to dominate the field.

Although such boat hulls are referred to as "small," because they are small in size relative to the full range of boats and ships, they must be considered as enormous plastic moldings, since they dwarf almost all objects molded from plastic outside the boat hull field. However, it will be understood that large objects other than boat hulls are being fabricated from fiber glass plastic, and the method prescribed herein is intended to be claimed with respect to other large objects, although its

best present use and the following explanation of its application, is made with reference to a boat hull which is large with reference to the molded dories and outboard motor boats which have been mass-produced from fiber glass plastic in past years.

The construction of a mold for the larger plastic molded boat hulls has, in the past, required a major capital investment for each mold. It is a major object of the present invention to provide a method for making large molded boat hull molds at very low cost, once a prototype hull has been provided. Such a hull may be a fiber glass boat hull built from an extremely expensive prototype model or the prototype hull may be a wooden hull constructed by conventional means, which it is now desired to reproduce in fiber glass.

By means of the method herein disclosed, a number of relatively inexpensive molds may be constructed in order to expand production facilities. On the other hand, no costly and expensive mold of large size needs to be stored, as long as a single prototype of the desired boat hull is available from any source. Finally, a very large mold can be stored conveniently in many shipyards and boatworks, since the mold of the first construction is supported below the surface of the earth and may be filled in to ground level when not in use, and then excavated later.

Large boat hull molds presently constructed require massive external reinforcing. This reinforcing is generally of steel, and has several undesirable characteristics. It is subject to temperature expansion and contraction. The massive weight of the hull may cause the mold to be deformed in the later stages of construction. It is a major object of the present invention to eliminate most of the costly steel bracing and supporting structure, and to provide an even stronger structure comprised of reinforced concrete and tamped earth in an earth pit.

Another major object of the invention is to provide a

massive boat hull mold in which the mold is lined with a fine, smooth, and perfectly duplicating liner surface, and supported

on a mold support structure as previously mentioned, but in which the entire mold construction, both liner and mold support, are unitary and integrated in a single solid unit. Large molds of the past have often been subject to failure because the liner and the mold support were not truly unitary in construction, and one part yield to the destructive deformation of the other.

The foregoing, and other objects and advantages of the invention will be understood from the following description of one preferred method for the practice of the invention, the steps of said method being illustrated in the accompanying drawings, in which:

FIGURE 1 is a perspective view of a prototype hull, which is shown suspended from the pulleys of a travelling crane, while it receives certain mold-release coatings;

FIGURE 2 is a transverse sectional view of the prototype hull of FIGURE 1, as it receives the plastic liner material which is used to form the precision fitting inner surface layer of the mold;

FIGURE 3 is a perspective view of a fragment of the prototype hull, shown partly in section, and revealing the step of attaching furring patches;

FIGURE 4 is a perspective view of the fragment of FIGURE 3, showing the step of attaching steel netting reinforcement spaced outward from the mold liner layer;

FIGURE 5 is a perspective view of the prototype hull, transversely sectioned at about mid-length, as it appears in the mold-supporting pit, after the application of cement;

FIGURE 6 is a transveres sectional view of the prototype hull and mold showing the step of tamping earth into mold-supporting position;

FIGURE 7 is a perspective view of an enlarged fragment of hull, mold, and earth, seen partly in cross-section and showing the wedge and water nozzle used for achieving the separation of the prototype hull; and

FIGURE 8 is a transverse sectional view of the mold pit and the prototype hull as it is lifted out of the pit-supported mold produced by the process of the invention.

In FIGURE 1, a prototype hull 10, which it is desired to reproduce, is shown in perspective as it is suspended from a crane. Usually, the prototype will itself be a fiberglass plastic boat, but it is to be understood that the method of the invention is well-suited to making fiber glass reproductions of suitable steel or wood hulls.

Since the mold will exactly reproduce the surface of the prototype, a first and important step is to render that surface as perfect as possible. The entire surface should be finished to perfect contour and nearly perfect smoothness, by patching, if necessary, and then finishing to a smooth, slick and glasslike surface by any suitable finishing means; for example, by means of fine sandpaper and rubbing compound.

The next two steps are concerned with applying two very thin coats of mold-releases material, which will play an important part in securing the release of the prototype hull 10 from the final and completed mold. In the preferred method, the smoothly finished prototype 10 is first sprayed with a thin layer of any standard mold wax, as indicated by the spray gun 11. When the wax coat has suitably dried, the entire surface is sprayed a second time, this time by a water-soluble mold release agent; for example, a very suitable release agent for this step is a polyvinyl-alcohol-silicone material in liquid form. The spraying of this second release material is indicated by the spray gun 12, and the two different coatings are indicated in FIGURE 1 by the surface texturing at 13 and 14 respectively.

After the two, relatively thin release coatings have been applied, as described in connection with FIGURE 1, a

mold liner layer, precisely conforming to the prototype hull, and providing a perfect mold surface, is deposited on the suspended prototype hull over the already deposited release coatings, as indicated in FIGURE 2. The liner coat is formed by two spraying steps indicated in FIGURE 2 by the spray guns 15 and 15.

Spray gun 15 deposits a coat of polyester tooling gelcoat, approximately 20 mils in thickness. This material is the first layer of the mold that is being made, and becomes the exposed inside surface of the mold.

Next, spray gun 16 deposits a mixture of polyester resin, catalyst, and chopped fiberglass, approximately one-quarter of an inch in thickness. This material constitutes the walls of the mold.

In the drawing of FIGURE 2, the mold release coatings and the gelcoat are treated as so thin as not to be possible to represent in the cross-sectional portion of FIGURE 2 at the region 17. However, the fiberglass material is represented as a layer visible in cross-section over the rest of the prototype hull at 18.

While the resin and fiberglass layer 18 is still fresh and tacky, pieces of cardboard or similar material, approximately 2 inches square and ⅜ inch in thickness are placed in position, at spaced intervals, over the tacky polyester surface, as seen in the enlarged fragmentary view of FIGURE 3. These pieces are used as furring blocks to support steel reinforcing mesh at suitable spacing away from the polyester surface. The spacing is not critical, but should be sufficiently close to insure good strength and adhesion for the subsequent steel reinforcing mesh and concrete. The furring blocks are indicated in FIGURE 3 by the numeral 21.

In the next step, illustrated in FIGURE 4, steel reinforcing mesh, such as one-inch stucco netting, indicated by the numeral 22, is attached to the furring blocks 21 by means of

staples 23 or the like, so that the mesh is supported spaced outwardly from the polyester and fiber glass mold layer.

The next step is to form the massive concrete shell portion of the mold, which entirely encloses and supports the mold liner comprised of gelcoat 17 and fiber glass 18. This layer is so massive that it cannot be formed and retained on the prototype hull 10 as it is suspended in the manner illustrated in FIGURES 1 and 2.

Instead, the concrete shell is built up with most of the weight supported in an earth pit as illustrated in FIGURE 5. The fiber glass-coated hull described in connection with FIGURE 2 is transported by the crane 25, and lowered into a large earth pit indicated in FIGURE 5 by the numeral 26. Just before the hull 10 is lowered into pit 26, a pad of wet cement, about one foot thick, is deposited by the gunnite method in the bottom of the pit 26 at 27, the initial pad being indicated by the numeral 28. The bottom of the fiber glass-covered prototype 10 is allowed to rest on the pad 28, but the hull 10 continues to be suspended from the crane 25 in an upright position, leaving a space 29 exterior to the prototype hull 10 and its preliminary fiber glass covering 18. Preferably, this space 29 is about four feet larger, all the way round, than the prototype hull 10, so that there is ample room for workmen to get into the pit and to perform the next step of depositing the gunnite concrete layer, which is indicated in FIGURE 5 by the numeral 30.

The step of forming concrete layer 30 by gunnite spraying is carried out while the prototype hull 10 is suspended as shown in FIGURE 5, to a thickness of about 4 inches in a typical case. Of course, this entirely encloses the mold liner layers of gelcoat 17 and fiber glass 18, as well as the furring blocks 21 and the steel reinforcing net 22.

When the gunnite layer 30 has been completed, the hull 10 and the mold layers 17, 18, and 29 appear as illustrated in FIGURE 5.

After the concrete has hardened, earth is filled in to the space 29 as illustrated in FIGURE 6, being tamped

into position as the filling proceeds. For example, a pneumatic tamper 31 may be employed.

It will be seen that a mold 32 has now been fully constructed and is now supported by the filled pit 33.

It is now necessary to release the prototype hull 10 from the mold 32, as illustrated in the enlarged detail of FIGURE 7. Release is achieved by driving small wedges 40 between the outer surface of the prototype hull 10 and the liner face layer 17 of the mold 32 at spaced intervals along the upper line of contact between the two. The use of these wedges creates a small opening indicated by the numeral 41 between the prototype hull 10 and the mold 32, and water under pressure is forced into the space 41 by any suitable means, but in the illustration, by hose 42 and nozzle 43. Water thus introduced under pressure into space 41 washes away the soluble mold release coating 14, and permits the prototype hull 10 to be lifted clear of mold 32 by crane 25 as illustrated in the transverse-sectional view of FIGURE 8.

It will be evident that the mold 32 is rigidly and firmly supported over its entire surface by the tamped earth 33, so that it is unlikely that the gunnite layer 30 or the liner layers 17 and 18 will ever crack or deform as a result of lack of adequate support, even under heavy use and the introduction into the mold 32 of heavy weight.

The mold 32 is now ready for the building of a new hull by spraygun deposition of glass fibers and resin. Of course, before spraying has begun, the entire liner surface (gelcoat surface 17) should be covered with suitable mold release agents, such as the water soluble agent 14 and wax layer 13.

In larger hulls, some type of reinforcing elements may be suspended before any fiber glass spraying is done, or at some stage after a certain amount of fiber glass material has been laid down. For example, steel keel members, reinforcing panels, steel engine bases, trans members may be used. Wood

beams, laminated wood, preformed plastic laminations, or metal reinforcements of stainless steel or brass may be embedded in the fiber glass plastic design.

The fiber glass boat hull, or other like item of construction is built up in a manner well known to those familiar with the art of fiber glass-plastic construction. Ordinarily, a combination of three spray guns simultaneously deposit, at substantially the same spot, particles of fiber glass filler, catalysts, and resin respectively. The liquid binder resin may comprise any of a number of suitable resins, such as one of the synthetic polyesters, epoxide, or phenolic resins containing cure-promoting agents. Likewise, the catalysts may be of any of a number of known and commercially available catalysts suitable for the resin used. Usually, the resin gun will blow the polyester resins in liquid form, whereas the catalyst gun may deliver a jet of powdered cobalt catalyst. The blown mix is built up to desired thickness as the cluster of guns is moved about to form the hull.

It will be seen from the foregoing description that I have provided a novel and extremely economical method for building boat hulls of the largest size deemed practical for fiber glass construction. It should be understood that the scope of the invention is not limited to the details and precise dimensions set forth for purposes of illustration in the foregoing example, which was described in specific detail. Instead, all modifications, variations, and improvements which fall within the scope of the following claims are included within the scope of the present invention.

What is claimed is:

1. A method for making a mold for reproduction in plastic construction of a prototype hull or the like, which method includes the steps of:

preparing a surface of said prototype hull with a coating of water-soluble mold release material;

depositing a mold liner layer of plastic material over said mold release coating;

attaching furring spacers to said plastic coating;

curing said liner coating;

attaching reinforcing means to said furring means;

supporting said prototype hull in an upwardly opening position in an earth pit having sides spaced away from the outer coated sides of said hull partly by suspension from above and partly by resting the lowermost surface of said hull in a pad of soft concrete in the bottom of said pit;

spraying a wet concrete mixture over the plastic coating and said reinforcing and furring means, on the outer surfaces of said hull to make a rigid mold support structure in the form of a concrete shell integral with said liner layer;

after said concrete shell has hardened, filling the space in said earth pit outside the shell with packed earth to firmly support said mold; and

introducing water between the outer surface of said prototype hull and said mold liner layer, to wash away said water soluble mold release material and permit the withdrawal of said prototype hull.

2. A method as described in claim 1 in which:

said furring spacers are attached to said plastic coating by adhesion in said coating while said coating is still in an uncured and tacky state.

3. A method as described in claim 1 in which:

said preparation of the surface of said prototype hull comprises forming a two-layer mold release coating on the prototype surface by first spraying said surface with a suitable mold wax, and then spraying said wax-coated surface with a water-soluble mold release coating comprised of a silicone material transported in the spray of a readily vaporizable organic solvent.

4. A method as described in claim 1 in which:

said mold liner layer is formed by spraying onto said mold release coating a structurally rigid layer comprised primarily of plastic material incorporating catalysts and fiber glass filler;

and said furring means are pressed into position on said fiber glass-plastic coat while it is still in an uncured and tacky condition.

5. A method as described in claim 4 in which:
said prototype with said applied coatings, furring spacers, and reinforcing means is placed in said earth pit with most of the weight of said prototype supported on a pad of concrete which is still in a wet and unhardened condition, so as to accommodate

the lowermost surface of said prototype; and the mold shell structure is subsequently completed by gunnite spraying the sides of said coated prototype to fully enclose and cover said furring blocks and said reinforcing means

6. A method as described in claim 1, in which:
filling the space in between the outer surfaces of said mold shell and the sides of said pit and tamping said earth into compacted condition to provide rigid support over the entire outer surface of said mold shell;
spaced openings are formed between the upper peripheral edge of said prototype and said concrete shell, prior to the hardening of the concrete; and
said prototype hull is separated from said concrete, subsequent to its hardening by the introduction of water under pressure into said spaced openings.

7. A method as described in claim 1 in which:
said mold liner, said furring spacers, and said reinforcing means are attached by the following steps;
forming a two-layer mold liner by first spraying on said mold release coating a layer of plastic gelcoat, and after curing of said gelcoat, spraying on a structurally rigid layer of plastic material incorporating catalysts and fiber glass filler;
attaching furring blocks to said liner by pressing said furring blocks into position on said fiber glass-plastic coat while it is still in an uncured and tacky condition; and
attaching a reinforcing mesh to said furring blocks by fastener means penetrating said blocks.

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ROBERT F. WHITE, *Primary Examiner.*

K. J. HOVET, *Assistant Examiner.*

U.S. Cl. X.R.

61—7; 264—135, 225; 52—742

OR D 235,753

United S...

Des. 235,753
Patented July 8, 1975

235,753

BOAT HULL

Harry Bremer, Box 488, Elkhart Lake, Wis. 53020

Filed Oct. 31, 1973, Ser. No. 411,478
Term of patent 14 years
Int. Cl. D12—06
U.S. Cl. D12—62

Fig. 1



Fig. 2

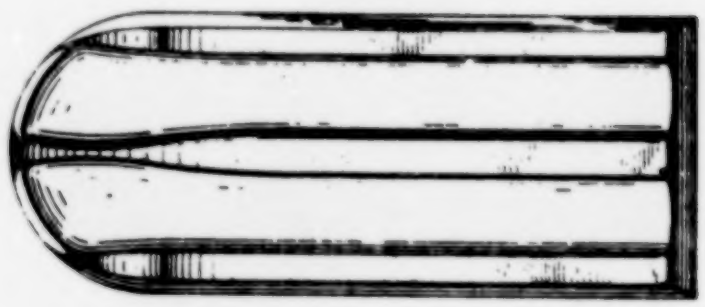


Fig. 3



Fig. 4



FIG. 1 is a side elevation of the boat hull.
FIG. 2 is a bottom view of the boat hull;
FIG. 3 is a view of the bow of the boat hull;
FIG. 4 is a view of the stern of the boat hull.

I claim:

The ornamental design for a boat hull, substantially as shown and described.

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In The
Supreme Court of the United States
October Term, 1987

BONITO BOATS, INC.,

Petitioner,

v.

THUNDER CRAFT BOATS, INC.

Respondent.

BRIEF OF AMICUS CURIAE IN SUPPORT OF PETITIONER

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BRIEF OF AMICUS CURIAE IN SUPPORT OF PETITIONER

INTEREST OF IMOS ITALIA AND TORINO INDUSTRIES, LTD.

Torino Industries, Ltd. and Imos Italia, a consortium under Italian law appear as *Amicus Curiae* with the written consent of both parties in this appeal, given in letters which have been filed with the Clerk of this Court.

Torino Industries and Imos Italia appear because of their conviction that the decision of the Florida Supreme Court has deprived the petitioner of a valuable remedy as a valid exercise of the state's power by existing U.S. Supreme Court and other cases, including one in which they had a direct interest. In addition, Torino Industries, Ltd. and Imos Italia believe it in the best business interests of companies involved in the

American free enterprise system to operate without misappropriation of their property as had occurred but was appropriately rectified by the Court of Appeals for the Federal Circuit in *Interpart* v. *Imos Italia, and Torino Industries, Ltd.*, 777 F. 2d 678 (Fed. Cir. 1985).

SUMMARY OF ARGUMENT

Section 559.94 of Florida Laws which prohibits copying of an original manufacturer's product by a direct molding process has been held unconstitutional by the Florida Supreme Court in direct conflict with a decision of the Court of Appeals for the Federal Circuit holding constitutionally valid a California statute of similar language. In holding the Florida direct molding statute unconstitutional the Florida Supreme Court failed to comprehend prior federal and state case decisions prohibiting unscrupulous copying which occurs when a competitior gains an unjust business advantage over the original manufacturer by using the original manufacturer's product as a mold to replicate exact duplicates thus saving the costs necessary for research, development and marketing of the original product to the disadvantage of the more innovative business manufacturer.

ARGUMENT

I. IN HOLDING THE STATE DIRECT MOLDING STATUTE UNCONSTITUTIONAL, THE FLORIDA SUPREME COURT MISAPPLIED THE *SEARS* AND *COMPCO* CASE DOCTRINE AND FAILED TO RECOGNIZE CASE DECISIONS WHICH PROTECTED UNPATENTABLE AND NONPATENTED PRODUCTS AGAINST IMPROPER COPYING.

In a 4-3 decision, the Florida Supreme Court held in *Bonito Boats, Inc.* v. *Thunder Craft Boats, Inc.*, 515 So. 2d 220 (1987) that state's direct molding statute unconstitutional on the basis the law was an impermissible intrusion into an area preempted by Congress and violated the doctrine announced by this Court in *Sears, Roebuck & Co.* v. *Stiffel Co.*, 376 U.S. 225, 84 S. Ct. 784, 11 L. Ed. 2d 661, (1964) and *Compco Corp.* v. *Day-Brite Lighting, Inc.*, 376 U.S. 234, 84 S. Ct. 779, 11 L. Ed. 2d 669, (1964). The statute in question prohibits the use of an original manufacturer's product as a "plug" to make a mold to create a replica of the original item.[1]

---

[1] Sec. 559.94, Fla. Stat. (1985):
(1) As used in this section, the term:
(a) 'Direct molding process' means direct molding process in which the original manufactured hull or component part of a vessel is itself used as a plug for the making of the mold, which mold is then used to manufacture a duplicate item.
. . . .
(2) It is unlawful for any person to use the direct molding process to duplicate for the purpose of sale any manufactured vessel hull or component part of a vessel made by another without the written permission of that other person.
(3) It is unlawful for any person to knowingly sell a vessel hull or component part of a vessel duplicated in violation of subsection (2).
(4) Any person who suffers injury or damage as a result of a violation of the provisions of this section may bring an action in circuit court for an injunction prohibiting such violations . . . ."

In reaching its conclusion, the Florida Supreme Court misapplied the *Sears-Compco* doctrine and failed to recognize that the identical interests sought to be protected by the Florida act had been upheld in light of a *Sears-Compco* challenge by the Federal Circuit Court of Appeals in *Interpart Corporation* v. *Imos Italia*, 777 F. 2d 678 (Fed. Cir. 1985) involving an almost indentical California statute.[2] Moreover, the court failed to recognize that similar statutes prohibiting the theft of trade secrets and decisions upholding the validity of laws prohibiting "piracy" have been consistently upheld since *Sears* and *Compco*.

In *Sears*, this court held "an unpatentable article, like an article on which the patent has expired, is in the public domain and may be made and sold by whoever chooses to do so. What Sears did was to copy Stiffel's design and to sell lamps almost identical to those sold by Stiffel. This is had every right to do under the federal patent laws." 376 U.S. 225-226. Similarly, this court stated in *Compco*, " . . . when an article is unprotected by a patent or a copyright, state law may not forbid others to copy that article. To forbid copying would interfere with the federal policy, found in Art. I, Sec. 8, cl. 8, of the Constitution and in the implementing of federal statutes, of allowing free access to copy whatever the federal and copyright laws leave in the public domain. " 376 U.S. at 237-38. The Florida Supreme Court, in upholding the lower court's decisions striking down the statute, adopted the argument of Thunder Craft Boats, Inc., that the act was an attempt by the legislature to interfere with a competitor's admitted right to copy the unpatented products of Bonito Boats thereby violating the doctrine announced in *Sears* and *Compco*. The fallacy of the court's reasoning is that the Florida direct molding statute does

[2] California Business and Professions Code, Section 17300(a) (West Supp. 1985). The California anti-direct molding statute is significantly broader than Sec. 559.94. It forbids direct molding ". . . of any manufactured item" whereas the Florida statute applies only to hulls and components of vessels.

not purport to restrict copying of an unpatented product but instead seeks to protect the property of the original manufacturer created in developing the original mold. Correctly viewed as a statute designed to prohibit the unfair competitive advantage of "splashing"[3] a competitor's product, the act is easily reconciled whith *Sears* and *Compco*. In addition, the direct molding statute does no more than codify protection against a particular activity reasonably classified by the legislature as unfair competition. The protection against misappropriation of the value of another's labor has been uniformly accepted by this Court both before and after *Sears* and *Compco*.

As early as 1918, this Court refused to adopt the position that since news was not subject to U.S. copyright laws it was in the public domain and could be used for any purpose. In *International News Service* v. *Associated Press*, 248 U.S. 215 (1918) this court held:

> "The right of the purchaser of a single newspaper to spread knowledge of its contents gratuitously, for any legitimate purpose not unreasonably interfering with complainant's right to make merchandise of it, may be admitted; but to transmit that news for commercial use, in competition with complainant - which is what defendant has done and seeks to

[3] "Splashing" is a term of art that is used in the fiberglas manufacturing industry to denote a process of replication that relies on a finished product as the basis for creating a duplicate mold from which exact copies of the original finished product can be made. To "splash" a product, fiberglas or other similar material is layered over the original and built-up to the point where a structurally sound "impression" of the finished article has been created. Later, the "splash" is removed and in fact becomes a mold from which exact copies of the original can be made. This process is extremely fast, inexpensive, and insidiously accurate. It allows the duplicator to acquire even the most complex and intricate designs at a fraction of the cost to develop the original mold.

justify — is a very different matter. In doing this, *defendant, by its very act, admits that it is taking material that has been acquired by complainant as the result of organization and the expenditure of labor, skill, and money* and which is salable by complainant for money, *and that defendant, in appropriating it and selling it as its own, is endeavoring to reap where it has not sown,* and by disposing of it to newspapers that are competitiors of complainant's members is appropriating to itself the harvest of those who have sown. Stripped of all disguises, the process amounts to an unauthorized interference with the normal operation of complainant's legitimate business precisely at the point where the profit is to be reaped, in order to divert a material portion of the profit from those who have earned it to those who have not, with special advantage to defendant and the competition because of the fact that it is not burdened by any part of the expenses by gathering the news. The transaction speaks for itself, and a court of equity ought not to hesitate long in characterizing it as unfair competition in business." (248 U.S. 215 at 240.) (Emphasis added).

Neither the language nor the reasoning of the *International News* case was disturbed or for that matter even mentioned in either *Sears* or *Compco.* Subsequent decisions of this Court have likewise upheld restrictions on the *conduct* of one who seeks to profit from the labor of others and have held that state laws designed to prohibit unfair competition are valid and enforceable.

In *Kewanee Oil Co.* v. *Bicron Corp.*, 416 U.S. 470, 94 S. Ct. 1879, 40 L. Ed 2d 315 (1974) the Court upheld a state trade secret law recognizing that such a law protected items which would not otherwise be patentable. In considering whether the

trade secret law was preempted by federal patent law, this court compared the objectives of both the federal patent laws and state laws and concluded that abolishing trade secret laws would not further the objectives of patent law in that patent laws do not require that states " [r]efrain from action to prevent industrial espionage ". Further, that trade secret laws had a value of their own which would "prompt the independent innovator to proceed with the discovery and exploitation of his invention." 416 U.S. 470 at 487. In perhaps echoing its concern with the opprobrious conduct categorized as "piracy" in *International News Service* v. *Associated Press,* this court further stated in *Kewanee:*

> "Trade secret law provides far weaker protection in many respects than the patent law. While trade secret law does not forbid the discovery of the trade secret *by fair and honest means, e.g.,* independent creation or reverse engineering, patent law operates ' against the world, ' forbidding any use of the invention for whatever purpose for a significant length of time. " (416 U.S. 470 at 484). (Emphasis supplied).

A California statute prohibiting tape piracy survived a *Sears-Compco* challenge in *Goldstein* v. *California,* 412 U.S. 546, 93 S. Ct. 2303, 37 L. Ed. 2d 163, (1973). In *Goldstein,* the Court upheld the constitutionality of California's statute prohibiting copying under the concept that a state has a right to regulate against unfair competition. In determining that California's tape piracy statute was not preempted by federal law under the doctrine of *Sears-Compco* in that the state statute prohibited one method of recording but did not otherwise prohibit or withdraw material from the public domain, this court held:

> " No restraint has been placed on the use of an idea or concept; rather, petitioners and other individuals remain free to record the same compositions in precisely the same manner and

> with the same personnel as appeared on the original recording." 412 U.S. 546 at 571.

The Court in *Goldstein* touched again on the cornerstone of *Sears* and *Compco* that the Florida Supreme Court has overlooked. The patent laws seek to protect ideas and concepts by removing them from the public domain. The statute struck down in *Sears* likewise operated to bar others from copying the idea and concept of the lamp designed by Stiffel. Here, the Florida legislature has done nothing to restrict the copying of the product designed by Bonito Boats, Inc., but has simply determined that the act of duplicating an original mold through the process of direct molding is an act of unfair competition no different than pirating the recorded work of another prohibited in *Goldstein*.

In *Aronson* v. *Quick Point Pencil Co.*, 440 U.S. 257, 99 S. Ct. 1096, 59 L. Ed. 2d 296 (1979), a contract to pay royalties for the right to sell an article which was unpatentable was upheld. This Supreme Court enforced the contract under a state law holding that the state law was not inconsistent with the objectives of the patent laws. The Court noted that enforcement of the contract did not conflict with the patent laws because anyone could copy the article, the only restriction being on the right to sell the product manufactured by Quick Point. Returning again to the thrust of *Sears* and *Compco*, the Court stated:

> "[A] state may not forbid the copying of an idea in the public domain which does not meet the requirements for federal patent protection." 440 U.S. 257 at 264.

The Florida direct molding statute does not prohibit the copying of an unpatented article. In this respect it follows the *Sears-Compco* doctrine. However, as stated in *International News*, *Goldstein*, *Kewanee*, and *Aronson*, where the method of copying infringes on a valid business interest, a form of misappropriation occurs. The "missappropriation of a business interest" found in *International News* was the "piracy" by way of interrupting a channel of communication of a product that was not copyrighted, that is, the *method* of copying was legally unacceptable. In *Kewanee*, the acquisition by "insiders" of a trade secret prohibited the copying of an unpatented product, that is the exposure of the trade secret allowing subsequent copying was prohibited, not the copying. And again, in *Aronson* this court held that enforcement of a contract which prohibited the sale of an unpatentable product did not conflict with the patent laws because anyone could copy the article. Similarly, the direct molding statute of Florida does not prohibit the copying of a competitor's product but prevents only an opprobrious *method* of copying that the legislature has determined should not be legally tolerated.

II. THE FLORIDA SUPREME COURT, IN STRIKING DOWN THE DIRECT MOLDING STATUTE, FAILED TO FOLLOW A HIGHLY PERSUASIVE PRECEDENT ESTABLISHED BY THE FEDERAL CIRCUIT IN A CASE UPHOLDING AN ALMOST IDENTICAL STATUTE.

The United States Court of Appeals for the Federal Circuit upheld a state anti-direct molding statute very similar to the statute held unconstitutional by the Florida Supreme Court. In *Interpart Corp.* v. *Imos Italia, Torino Industries, Ltd., and Vitaloni, S.p.A.*, 777 F. 2d 678 (Fed. Cir. 1985), the Court of Appeals for the Federal Circuit held a 1978 California direct molding state constitutional and not preempted by the federal patent laws. The court correctly held that the California direct molding statute proscribed only the use of a competitor's product as a mold and not a restriction on copying the product itself. The California statute, as the Florida statute, did not proscribe the copying of an unpatentable or non-patented product but merely looked at and prevented the unscrupulous conduct of obtaining a competitor's product to use as a mold for the mak-

ing of an exact duplicate thereof.[4] In finding that the California statute was not preempted by the federal patent laws, the court stated:

> "The statute prevents unscrupulous competitors from obtaining a product and using it as a "plug" for making a mold. The statute does not prohibit copying the design of the product in any other way; the latter, if in the public domain, is free for anyone to make, use, or sell.
>
> Moreover, as a predecessor of this court once stated, the patent laws "say nothing about the right to copy or the right to use, they speak only in terms of the right to exclude." *Mine Safety Appliances* v. *Electric Storage Battery*, 405 F. 2d 901, 902 n. 2, 160 U.S.P.Q. 413, 414 n. 2 (CCPA 1969). The California law does not "clash" with the federal patent law; the two laws have different objectives. Absent an existing patent right, we see nothing in the federal patent statutes that conflicts with California's desire to prevent a particular type of competition which it considers unfair. The California statute

[4] In *Interpart* v. *Imos Italia, et al.*, counter-plaintiff, Imos Italia, Torino Industries, Ltd. and Vitaloni S.p.A.'s theory of the case was that Imos Italia expended over $500,000.00 to develop a line of six different styled mirrors marketed and sold in the United States. Interpart admitted that it intentionally copied Imos Italia's line because the mirrors were superior and had a high market profile compared to other similar products. Interpart duplicated the Imos/Torino line by contracting with a foreign company which obtained the entire product line, shipped the mirrors to Taiwan for copying by the direct molding process and completed the contract by replicating the line of mirrors from the molds developed utilizing the plug molding process and shipped the completed replicated goods back to the U.S. for sale in the retail market. By utilizing the direct molding process Interpart realized substantial savings and a distinct pricing advantage by avoiding the ordinary costs of designing, tooling and marketing a new product.

> is not preempted by federal law, contrary to the district court's conclusion." (777 F. 2d 678 at 684-685.)

In distinguishing *Sears* and *Compco*, the Court stated:

> "Whether California's plug molding statute is preempted by federal law involves a consideration, under Ninth Circuit law, . . . of whether that law 'stands as an obstacle to the accomplishment and execution of the full purposes and objectives of Congress.' *Kewanee Oil Co.* v. *Bicron Corp.*, Id. at 474 . . . . The state law must fail if it 'clashes with the objectives of the federal patent laws.' *Sears, Roebuck & Co.* v. *Stiffel Co.*, 376 U.S. at 231. Congress granted the power to legislate in the area of patents and copyrights by the Constitution to 'promote the Progress of Science and useful Arts.' The patent law, in order to promote the useful arts, grants to inventors the right, limited in time, to exclude others from making, using, or selling their patented inventions. Id. at 684.

The Court then differentiated Section 17300 from the patent laws by pointing out:

> "It is clear from the face of the statute that it does not give the creator of the product the right to exclude others from making, using, or selling the product as does the patent law. The statute does not preclude one from photographing, measuring, or in any way re-utilizing the concept of the design of the product. It does not preclude copying the product by hand, by using sophisticated machinery, or by any method other than the direct molding process. This is clear from a review of the record

> which includes such material bearing on the constitutionality of the statute." Id. at 684.

The particular type of competition which the California Legislature deemed unfair was the method utilized by a competitor to obtain a superior market position over the original manufacturer, severely eroding those vital business intangible assets of ingenuity, innovation and research. Indeed, the taking from a manufacturer of its "mold" to use as your own without the expenses of research, development, design, modeling, tooling and die making, and other expenses incurred in the marketing for public acceptance of a new product with the other costs involved in selling the product, is an unethical business practice allowng an unfair and legally undeserved advantage to the second-comer producer. The direct molding statute under scrutiny in *Interpart*, like the statute in the case at bar, merely recognizes that certain *methods* of copying amount to misappropriation of the fruits of another's labor which may be prohibited as acts of unfair competition.

The concept of prohibiting the misappropriation of the work of another is not novel to state statutes adopted to prevent the direct molding process of copying. In a decision prior to the enactment of Sec. 17300 of the California Business and Professions Code a Federal District Court in the Ninth Circuit held in *Grove Press, Inc.* v. *Collectors Publication, Inc.*, 264 F. So. 603, 152 USPQ 787 (CD CAL 1967) that the plaintiff was entitled to a preliminary injunction against a defendant who reproduced plaintiff's published version of a rare book by means of an offset lithography process which involved photographing the pages of plaintiff's uncopyrightable book and using the photographs in compiling defendant's book even though the contents of plaintiff's book were in the public domain. In granting the preliminary injunction, the court stated that the defendant's method of copying plaintiff's materials "involves photographing the pages of the Grove edition and using the said photographs for the reproduction of volumes in book form .... [by] use of such photographs of the Grove

edition Defendants saved the cost of typesetting and can print and sell their books, which are photographic copies of Plaintiff's books, at substantially less than it would cost if Defendants were to set type themselves." 264 F. Supp. 603 at 605. By photographing plaintiff's books' contents the defendant saved $26,000.00 in typesetting expenses. In reaching its decision, the court distinguished the *Sears* and *Compco* cases stating:

> "The words in an uncopyrightable book are in the public domain and may be copied by anyone without infringing any copyright. Such copying, alone, does not constitute unfair competition. *Sears, Roebuck & Co.*, v. *Stiffel*, . . .; *Compco Corp.* v. *Day-Brite Lighting, Inc.*, . . . Unfair appropriation of the property of a competitor is unfair competition and redressable in a situation of this kind despite the holdings in *Sears* . . . . and *Compco Corp.* . . . ." 264 F. Supp. 603 at 606.

The Court then continued in its reasoning:

> "Defendants' first edition is more than mere copying of Plaintiff's work, the Grove edition. In view of Plaintiff's expenditure of substantial sums in setting type and engraving plates, it would constitute unfair competition for Defendants to appropriate the value and benefit of such expenditure to themselves by photographing and reproducing Plaintiff's book through the offset-lithography process, thereby cutting their own costs and obtaining an unfair competitive advantage. See *International News Service* v. *Associated Press*, ..." 264 F. Supp. 603, 606-607.

Interestingly, the *Grove* decision also involoved a "second edition" published by the same defendant and an exact duplicate of the Grove book. As to the second edition, the

district court held that since the Grove edition is not copyrightable, the defendants were free to copy, " . . . .so long as the method of copying does not constitute unfair competition." 264 F. Supp. 603 at 607. Because the defendants had prepared the second edition for publication by setting their own type instead of using the offset-lithography process, their conduct held not to be unfair competition. [5] Perhaps the Florida Supreme Court as well as the federal appeals court that have had difficulty in this area have missed the important distinction between patent laws and direct molding statutes. While the former obtains its objective through exclusion the latter speaks only to a particular method employed to achieve an admittedly lawful result. In this respect, direct molding statutes are correctly analyzed like trade secret laws and other similar prohibitions against unfair competition which have long been held not to "clash" with the patent laws or run afoul of the *Sears-Compco* doctrine. The Florida direct molding statute, like the California act upheld in *Inter[illegible]*, does not dictate *what* products a competitor can make [illegible]y *how* it can go about it.

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[5] The decision in *Grove Press*, although published some fifteen years later, was contrary to the previously considered leading opinion on the subject set forth by Judge Learned Hand in *G. Ricordi & Co.* v. *Hoendler*, 194 F. 2d 914, 92 USPQ 240 (CA 2 1952). However, rather than attempting to reconcile the two opinions and commenting on this area of law, a highly respected treatise on the law of unfair competition succinctly observed:

> "The *Imos* decision, when read together with the *Grove Press* case, may be enough to suggest that Judge Learned Hand's preemption ruling in *Ricordi* case is wrong after all." *Callman, Unfair Competition, Trademarks and Monopolies*, 4th Ed., in Section 15.10.50 at p. 66.

III. THE DESIRE OF A STATE TO PROVIDE A MARKETPLACE FOR COMPETITION ON A FAIR AND EQUAL BASIS AND TO PROVIDE AN INCENTIVE FOR NEW PRODUCT DEVELOPMENT BY PROTECTING A DEVELOPER'S INVESTMENT IN A NEW PRODUCT IS A PROPER EXERCISE OF THE POWER OF THE STATE TO REGULATE UNFAIR COMPETITION.

The need for economic incentive in business product development was recognized by this court in *Zacchini* v. *Scripps-Howard Broadcasting Co.*, 433 U.S. 562 97 S. Ct. 2849, 53 L. Ed. 2d 965, (1976). In *Zacchini*, plaintiff's 15 second "human cannonball" act, in which he was shot from a cannon into a net some 200 feet away, was, without his consent, videotaped in its entirety at an Ohio County Fair by a reporter for the Scripps-Howard Broadcasting Co. and shown on a television news program later the same day. Plaintiff brought a damage action in state court alleging that the defendant unlawfully appropriated his "professional property". The Ohio Supreme Court, relying on *Time, Inc.* v. *Hill.*, 385 U.S. 374, held for the respondent on the ground that there is a constitutional privilege to include in newscasts matters of public interest that would otherwise be protected by the right of publicity, absent an intent to injure or appropriate for some non-privileged purpose. This Court reversed the Ohio Supreme Court's decision holding that the First and Fourteenth Amendments to not immunize the news media when they broadcast a performer's entire act without his consent. The Court also stated that the broadcast of a film of plaintiff's entire act poses a substantial threat to the economic value of that performance since if the public can see that act free on television it will be less willing to pay to see it at the fair and the news broadcast goes to the heart of plaintiff's ability to earn a living as an entertainer. This Court stated:

> The broadcast of a film of petitioner's entire act

poses a substantial threat to the economic value of that performance. As the Ohio Court recognized, this act is the product of petitioner's own talents and energy, the end result of much time, effort, and expense. Much of its economic value lies in the 'right of exclusive control over the publicity given to his performance'; if the public can see the act free on television, it will be less willing to pay to see it at the fair. The effect of a public broadcast of the performance is similar to preventing petitioner from charging an admission fee. ' The rationale for [protecting the right of publicity] is the straight forward one of preventing unjust enrichment by the theft of good will. No social purpose is served by having the defendant get free some aspect of the plaintiff that would have market value and for which he would have market value and for which he would normally pay.' Kalven, Privacy in Tort Law—Were Warren and Brandeis Wrong?, 31 Law and Contemp. Prob. 326, 331 (1966). Moreover, the broadcast of petitioner's entire performance, unlike the unauthorized use of another's name for purposes of trade or the incidental use of a name or picture by the press, goes to the heart of petitioner's ability to earn a living as an entertainer. Thus, in this case, Ohio has recognized what may be the strongest case for a 'right of publicity'—involving, not the appropriation of an entertainer's reputation to enhance the attractiveness of a commercial product, but the appropriation of the very activity by which the entertainer acquired his reputation in the first place." 433 U.S. 562 at 576.

The Court continued:

"Of course, Ohio's decision to protect petitioner's right of publicity here rests on more than a desire to compensate the performer for the time and effort invested in his act; the protection provides an economic incentive for him to make the investment required to produce a performance of interest to the public. This same consideration underlies the patent and copyright laws long enforced by this court. As the court stated in *Mazer* v. *Stein*, 347 U.S. 201, 219 (1954);

> 'The economic philosophy behind the clause empowering Congress to grant patents and copyrights is the conviction that encouragement of individual effort by personal gain is the best way to advance public welfare through the talents of authors and inventors "Science and useful Arts." Sacrificial days devoted to such creative activities deserve rewards commensurate with the services rendered.' . . ., Id. at 576.

In *Capitol Records, Inc.* v. *Erickson*, 2 Cal. App. 3d 526, 82 Cal. Rprt. 798 (1969), *cert. denied*, 398 U.S. 960, 90 S. Ct. 2176, 26 L. Ed. 2d 545 (1970) the California Appeal's Court was concerned with the situation where the defendant acquired one of Capitol's records and, directly from the recording itself, produced tape cartridges bearing the same title and a label stating that there was no relationship between the defendant and the original recording company. The plaintiff had expended approximately $25,000.00 in the production of the album in terms of studio time, materials and editing. The trial court granted a preliminary injunction and on appeal the defendant's relied on the *Sears* and *Compco* decisions in attempting to reverse the order entered below. In considering *Sears* and *Compco*, the Appeals' Court stated " . . .*state law, statutory or decisional, may in appropriate circumstances, grant relief where deceptive or fraudulent practices are shown*, such as a palming off

one's goods as those of another . . . It is equally clear that the right of an author or proprietor of an unpublished work to common law protection and the application of state law of unfair competition in that field *remains unaffected by these decisions* or the principles set forth in *these opinions*. . . [a]ctually, what was here done was not to copy some articles or goods made and sold by another but rather *the appropriation* of the very product itself. " (Emphasis supplied) 2 Cal. App. 3d 526 at 535. The court in *Capitol Records, Inc.* quoted *Shesse* v. *Grossman*, 152 Cal. App. 2d 536, stating: "Unfair competition of the valuable efforts of another may be unfair competition. Thus, piracy of news acquired by another fairly and at substantial cost is actionable. " 152 Cal. App. 2d at 536. The Appeal's Court, in *Capitol Records, Inc.* rejected the claimed *Sears* and *Compco* arguments contending ". . .state law, statutory or decisional, may in some circumstances grant relief where deceptive or fraudulent competitive practices are conducted, such as circumstances where one palms off his product as those of his competitor, or where he unfairly appropriates to his profit the valuable efforts of compe'itor. " 2 Cal. App. 3d 526 at 537-538. In stating the underlying reason for its position, the court said:

> "It is reasonable to conclude that permitting such appropriation would discourage invention and free competition . . . and that those engaged in the recording industry would be inclined not to utilize their skill and efforts, and expend large amounts of money, in producing unique recordings, but would wait for a recording to be produced, and then duplicate it and sell it, at maximum profit and with minimum effort and expense. The trial court herein did not error in granting the preliminary injunction." 2 Cal. App. 3d 526 at 538.

The law as developed in this area by the Supreme Court, federal courts, and various state courts universally reason that

unfair appropriation of the valuable efforts of another may well be unfair competition. In the light of *Sears* and *Compco*, it is clear that the concept and design of one's product is not protected against use by another if it is unpatentable or nonpatented. However the appropriation of the product itself as a master, or form, for use as a mold is beyond the doctrine of *Sears* and *Compco* as held by the Court of Appeals for the Federal Circuit in *Interpart* v. *Imos Italia*. The Florida direct molding statute does not attempt to control the copying of an unpatentable or nonpatented product. It attempts to control the fabrication of a mold from a competitor's product. The statute does not restrict the photographing, measuring, reverse engineering, or any other utilization of the concept or design of the original manufacturer. The sole and exclusive limitation is in the use of the product of the original manufacturer for the forming of a mold directly from that product. This is no more that the extension of previously existing power of a state to protect property of its citizens and promote fair competition to a situation that has emerged due to advances in technology that now make it advantageous to wait for new products to be introduced, become successful in the marketplace, then misappropriate the master by which the product is made and begin to reap profits where little or no effort has been sown.

In *Goldstein* and again in *Kewanee*, the Supreme Court addressed the question of the applicability of the *Sears-Compco* doctrine to preempt state regulatory powers over intellectual property. In *Goldstein*, this court held that the grant of power to Congress under Article I, Section 8, Clause 8 of the Constitution was not exclusive and that, at least in the case of writings, states were not forbidden from encouraging the efforts of those within their borders by appropriate legislation. The courts specifically upheld a California penal statute imposing criminal sanctions for " record " or " tape " piracy, rejecting the argument that the penal statute was preempted under the *Sears-Compco* cases. A year later in *Kewanee*, this Court again upheld state regulatory power over trade secrets

against a similar attack that the area was preempted by the patent laws under *Sears* and *Compco*. In so holding, this Court held:

> " Just as the state may exercise regulatory power overriding so may the states regulate with respect to discoveries. States may hold diverse viewpoints in protecting intellectual property relating to invention as they do in protecting the intellectual property relating to the subject matter of copyright. The only limitation on the states is that in regulating the area of patents and copyrights they do not conflict with the operation of the laws in this area passed by Congress. " 416 U.S. at 479.

The test applied in *Kewanee* is whether or not the state law sought to be invalidated under the supremacy clause " clashes " with the objectives of the federal law. The test involves,

> " [a] consideration of whether . . . [state] law " stands as a obstacle to the accomplishment and execution of the full purposes and objectives of Congress. " *Kewanee*, 416 U.S. at 479, quoting *Hines* v. *Davidowitz*, 312 U.S. 52 at 67 (1941).

Under the trade secret law construed in *Goldstein*, a party is prevented from competing against another by the use of the other's secret process only when the process was obtained by *unfair* means. While the effect of an injunction under the trade secret laws may be to preclude the use of an unpatented and unpatentable process, by the same token, however, trade secret law does not prevent the duplication of a product that is obtained by proper means. Trade secret laws prevent a manufacturer from unfairly competing against another by evading the ordinary expense of producing a product. They do not seek to protect the product from being copied or remove it from the public domain. Therefore, the trade secret laws do not conflict with the type of protection provided by the patent laws. Both

like the state laws at issue in *Kewanee* and *Goldstein*, the California and Florida direct molding statutes reflect a legitimate state regulatory process and do not conflict with any federal law, including the patent and copyright laws. The Florida statute merely prevents a manufacturer from unfairly competing by using another's product as a plug for the creation of his mold. In this regard, state notions of commercial ethics underlying the adoption of the statute are not substantially different from those underlying common law trade secret protection or anti-piracy decisions.

In the same regard and under the same reasoning as *Kewanee* and *Goldstein*, the Florida and California direct molding statutes do not unconstitutionally interfere with imitation or even exact copying of a manufactured item through fair means. Thus, a competitor can measure a manufactured item, prepare a wood or clay model from those measurements and use that model to produce a mold. The competitor is free to make and sell an exactly replicated product if that competitor is willing to exercise the effort and incur the expenses required to do so by lawful means. The statute now in question before this court only prevents a manufacturer from unfairly avoiding the expense of independently producing its own mold by misappropriation of the mold of an original manufacturer. Thus, the Florida direct molding statute does not conflict with, intrude upon, or seek to afford the exclusive right of protection provided for in the patent or copyright laws.

CONCLUSION

The process of direct molding must be considered an unfair method of competition because it allows a competitor to bypass the investment of the original manufacturer in creating the first unit of production and appropriate the value of the product's development. It also deprives the original manufacturer of the distinct economic advantage of being the first producer in the market place and destroys his ability to reap the rewards of business origination and creativity in the marketplace. Most importantly, the competitor, if allowed to enter the marketplace with an exact duplicate obtained by the direct molding process, will have a pricing advantage through savings on development costs that he did not earn save for the purchase price of the original manufacturer's product. This "advantage" was considered unfair by the Florida legislature which sought not to interfere with the copying of an unpatentable product but to protect the property and sanctity of the plaintiff's business organization and the integrity of its product investment against parasitic invasion.

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No. 87-1346

In the Supreme Court of the United States

OCTOBER TERM, 1987

BONITO BOATS, INC.,
Petitioner,

vs.

THUNDER CRAFT BOATS, INC.,
Respondent.

ON WRIT OF CERTIORARI TO THE SUPREME COURT OF FLORIDA

BRIEF OF AMICI CURIAE MARINE INDUSTRIES ASSOCIATION OF SOUTH FLORIDA AND THE ATTORNEY GENERAL OF THE STATE OF FLORIDA IN SUPPORT OF PETITIONER

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INTEREST OF THE AMICI CURIAE

Marine Industries Association of South Florida is a non-profit trade association incorporated in Florida since 1967 as a §501(c)(6) corporation. The Association represents members of the recreational boating industry in South Florida, especially the area of Broward, Dade and Palm Beach Counties. The Association consists of over 500 members of which approximately 40 firms, including Bertram Yacht and Chris-Craft, are boat manufacturers. The Association, therefore, has a vital interest in the validity of Fla. Stat. §559.94 (1987) which protects boat manufacturers from unfair competition.

The Attorney General of the State of Florida is the chief state legal officer, Fla. Const. art. IV, §4(c), and is a proper party in any action in which the constitutionality of a state statute is challenged. *State of Florida ex rel. Shevin v. Kerwin*, 279 So.2d 836 (Fla. 1973); Fla. Stat. §16.01(4) (1987). The attorney general has not previously been heard in the case at bar.

SUMMARY OF ARGUMENT

The Supreme Court of Florida erroneously distinguished precedents of this Court and held that Fla. Stat. §559.94 which prohibits the copying of unpatented boat hulls by the direct molding method is pre-empted by federal patent laws. Section 559.94 is not pre-empted by any of the three possible methods of pre-emption. Congress has not expressly pre-empted state laws such as section 559.94, and has left room in the area of patent law for state regulations which do not conflict with the objectives of the federal patent laws. Section 559.94 does not conflict with the federal patent law policies of encouraging invention and disclosure and ensuring that ideas remain in the public domain.

Although this Court has held that states may not prohibit copying of unpatented articles, states remain free to regulate unfair methods of competition. The State of Florida validly exercised this power by enacting section 559.94 to prevent one unfair method of copying unpatented boat hulls. Section 559.94 does not *prohibit* the copying of unpatented boat hulls and component vessel parts; it merely restricts one of many possible methods of copying, and falls far short of providing the equivalent of a patent. Additionally, section 559.94 does not remove any article from the public domain. The unpatented boat hulls remain in the public domain and may be copied at will. Until Congress takes affirmative action to the contrary, states should remain free to regulate unfair methods of manufacture. This Court should reverse the decision of the Supreme Court of Florida and find section 559.94 constitutional.

ARGUMENT

I. Florida Statutes Section 559.94 Is Not Pre-Empted By Federal Patent Law

In *California Federal Savings & Loan Association v. Guerra*, 479 U.S. ....., 93 L.Ed.2d 613, 107 S.Ct. 683 (1987), this Court recognized that, while pre-emption of state law is not to be lightly presumed, federal law may supersede state law in three instances. First, when acting within constitutional limits, Congress is empowered to pre-empt state law by so stating in express terms. Second, where the scheme of federal regulation is sufficiently comprehensive to make reasonable the inference that Congress has left no room for supplementary state regulation, congressional intent to pre-empt state law in a particular area may be inferred. Third, state law may be pre-empted to the extent that it actually conflicts with federal law. 93 L.Ed 2d at 623.

Section 559.94 is not pre-empted by any of these possible means. First, Congress has not expressly pre-empted state laws regarding the direct molding process. Second, although federal patent law is comprehensive, Congress *has* left room for supplementary state regulation. Finally, section 559.94 does not conflict with federal law.

A. Congress Has Not Expressly Stated That State Law Is Entirely Pre-Empted By Federal Patent Law

Congress has not expressly stated that state law is entirely pre-empted by federal patent law. In the analogous area of copyrights, Congress has passed a specific statute on the issue of pre-emption, 17 U.S.C. §301(a) (1982), but no similar statute exists regarding the patent laws. Therefore, state law is pre-empted only if Congress has left no room for supplementary state regulation or if it actually conflicts with federal law.

B. Room Exists For Supplemental State Regulation of Unpatentable Articles

Congress has left room for state regulation of unpatentable articles. Despite the assertion to the contrary by the Supreme Court of Florida, Congressional failure to protect certain articles with a patent does not pre-empt states from providing some protection for those articles. For example, in *Aronson v. Quick Point Pencil Co.*, 440 U.S. 257 (1979), this Court recognized a state's power to regulate the use of intellectual property in any manner not inconsistent with federal law. *Id.* at 262 (citing *Kewanee Oil Co. v. Bicron Corp.*, 416 U.S. 470, 479 (1974)).

Similarly, in the analogous area of copyright law, Congress clearly stated its intent to pre-empt *only* those state created rights which are the *equivalent* of the exclusive

rights created by federal copyright law. 17 U.S.C. §301 (a) (1982). For example, in *Ehat v. Tanner*, 780 F.2d 876 (10th Cir. 1985), *cert. denied*, 93 L.Ed.2d 39, 107 S.Ct. 86 (1986), the Tenth Circuit found that the Plaintiff's common law claims were pre-empted by federal copyright law, stating that Congress clearly intended to pre-empt any attempt to provide the equivalent of copyright protection to works which could not qualify for federal copyright protection. *Id.* at 878. In the analogous area of patent law, although Congress has not explicitly stated its intent, presumably Congress intended to leave some room for state regulation. Congress knows how to expressly pre-empt the states from providing *any* protection whatsoever to unpatentable articles. This Court has correctly interpreted Congressional intent as allowing states to provide some protection to unpatentable articles if the protection is not the equivalent of patent rights. *Kewanee*, 416 U.S. 470.

C. Section 559.94 Does Not Clash With The Objectives Of Federal Patent Law

Under the foregoing analysis, since Congress has not expressly pre-empted state law, and since room exists for supplemental state regulation, state law is not pre-empted unless it "clashes with the objectives of the federal patent laws." *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 231 (1963). In determining whether a conflict exists between state and federal law, the analysis "involves a consideration of whether the law stands as an obstacle to the accomplishment and execution of the full purposes and objectives of Congress." *Aronson*, 440 U.S. at 262 (quoting *Hines v. Davidowitz*, 312 U.S. 52, 67 (1941)). If no conflict exists, state law governs. *Id.*

Respondent argued to the Supreme Court of Florida that the three objectives of federal patent laws are: "1) free competition; 2) promotion of invention; and 3) ultimate full disclosure of the details of the novel article." Answer Brief of Appellee at 15-16. Furthermore, Respondent argued that the effect which a state law has on free competition is the threshold question. However, Respondent cited no authority for its assertions. Apparently Respondent relied on this Court's statement that "the patent system is one in which uniform federal standards are carefully used to promote invention while at the same time preserving free competition." *Sears*, 376 U.S. at 230-31 (footnote omitted).

Despite Respondent's argument to the contrary, nowhere in *Sears* did this Court state that the preservation of free competition is the central policy objective of the patent laws. Indeed, fifteen years later in *Aronson* this Court specifically enunciated the purposes of federal patent laws.

> First, patent law seeks to foster and reward invention; second, it permits disclosure of inventions to stimulate further innovation and to permit the public to practice the invention once the patent expires; third, the stringent requirements for patent protection seek to assure that ideas in the public domain remain there for the free use of the public.

440 U.S. at 262. Section 559.94 does not stand as an obstacle to the accomplishment and execution of these objectives and, therefore, does not clash with federal patent laws. The Supreme Court of Florida failed to consider whether section 559.94 can exist in harmony with federal patent laws. As a thorough analysis reveals, the statute does not conflict with the stated objectives of the patent laws and, in fact, furthers those objectives.

1. Section 559.94, like the Patent laws, seeks to foster and reward invention

Section 559.94 prohibits one specific method of manufacture: the direct molding method in the manufacture of boat hulls and component parts. This method of manufacture allows a competitor to sit idle and wait for another manufacturer to invest the time, effort and cost necessary to develop and perfect an original hull. The Florida Legislature estimates that "the cost to an original manufacturer for the design, engineering, and tooling (mold) for the average [twenty-six] foot boat is in excess of one hundred thousand dollars." Staff of Fla. S. Comm. on Transportation, SB 880 (1983) Staff Analysis (April 29, 1983) (on file with committee) (copy contained in the Appendix to this Brief). However, by using the direct molding method, a competitor avoids these extensive research and development costs by obtaining an original hull and using it as a "plug" for making a female mold. The competitor then sells its product at a price substantially less than the original manufacturer's cost. To prevent this unscrupulous form of competition, the Florida Legislature enacted section 559.94. This statute merely prohibits use of the direct molding process in the manufacture of boat hulls or component parts. The statute *does not prohibit* copying the design of the product; competitors may copy the product in every detail.

The direct molding process, if permitted to persist, will result in ruinous competition. Under this process, an original manufacturer is unable to recover the costs invested in the research and development of new boat designs. As a result, manufacturers have no incentive

to engage in research and development activities. Indeed, with the direct molding process available, the prudent manufacturer waits for a competitor to assume the expense and labor of designing and constructing the tooling required to produce a new design. Thus, the direct molding process acts as a hinderance to the discovery and invention of new boat designs by removing the incentive necessary to induce independent design and manufacture. Prohibiting this method of manufacture, however, induces innovative designs and fosters development by preventing unscrupulous and ultimately ruinous competition.

At the same time, the statute preserves free competition by allowing boat hulls to be copied in every detail by competitors. Thus, even assuming free competition is a central policy of the patent laws, section 559.94 does not conflict with that policy. "Free competition" does not mean unfair competition. Nor does it mean completely unregulated competition. Free competition is permitted in the manufacture of boat hulls. The only restriction is that competitors may not use the direct molding method, otherwise the boat hulls "can be copied at will." *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234, 238 (1964). Therefore, the statute, like the patent laws, seeks to foster and reward invention while preserving free competition. "Certainly, the patent policy of encouraging invention is not disturbed by the existence of another form of incentive to invention. In this respect the systems are not and never would be in conflict." *Kewanee*, 416 U.S. at 484.

2. Section 559.94 does not conflict with the patent policy of disclosure

The Constitution empowers Congress "To promote the progress of science and useful arts by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries." U.S. Const. art. I, §8, cl. 8. In return for this right of exclusion, the patent laws require the inventor to disclose a "full and clear description of the invention and of the manner and process of making and using [the invention]." *Kewanee*, 416 U.S. at 480-81. The additions to the general store of knowledge provided by such disclosure

> are of such importance to the public weal that the Federal Government is willing to pay the high price of 17 years exclusive use for its disclosure, which disclosure, it is assumed, will stimulate ideas and the eventual development of further significant advances on the art.

Id. at 481.

In *Kewanee*, this Court addressed the issue of whether state trade secret protection is pre-empted by operation of the federal patent law. The Court analyzed the effect of Ohio's trade secret law on three categories of discoveries: those which are unpatentable, those which are doubtfully patentable, and those which are patentable. In holding that Ohio's trade secret laws were not pre-empted, this Court observed that, in the realm of unpatentable discoveries, "the holder of such a discovery would have no reason to apply for a patent whether trade secret protection existed or not. Abolition of trade secret protection would, therefore, not result in increased disclosure to the public. . . ." 416 U.S. at 483. The same is true with respect to Florida's

anti-direct molding statute. If a vessel hull is clearly unpatentable, the patent policy of disclosure will not be furthered by abolition of section 559.94. Regardless of the existence of the statute, no patent could be issued and the manner and process of making the discovery is not disclosed. However, the statute, by prohibiting use of the direct molding process, provides incentive to manufacturers to design and disclose a wider selection of boat designs. Once designed, the hull is disclosed by being placed in the public domain. Competitors are free to copy the new hull in every detail.

This Court also recognized that the patent policy of disclosure will not be furthered by the abolition of state trade secret protection in the realm of doubtfully patentable discoveries. The Court reasoned that, due to the increase in patent applications, more invalid patents would probably be issued if trade secret laws were abolished. Since an invalid patent is so serious a threat to the free use of ideas already in the public domain, "[e]liminating trade secret law for the doubtfully patentable invention is . . . likely to have deleterious effects on society and patent policy. . . ." *Id.* at 488-89. The same is true with respect to Florida's anti-direct molding statute. Abolition of this statute will encourage some manufacturers with vessel hulls of doubtful patentability to apply for a patent who otherwise would not have done so. For "some of those [manufacturers] so encouraged, no patent will be granted and the result will [be] an unnecessary postponement in the divulging of the [new vessel design to the public]." *Id.* at 488.

Similarly, if a discovery is patentable, this Court recognized that the patent policy of disclosure would not be harmed by the existence of trade secret laws which provide

far weaker protection than the patent laws. Florida's anti-direct molding statute provides far weaker protection than the patent laws. Therefore, the statute will not deter manufacturers from seeking patent protection for clearly patentable designs. The statute merely prohibits competitors from using the direct molding process, while "patent law operates against the world, forbidding *any use* of the invention for whatever purpose for a significant length of time." *Id.* at 489-90 (emphasis added). Thus, Florida's anti-direct molding statute will not interfere with the patent policy of disclosure, regardless of whether the discovery is unpatentable, doubtfully patentable, or patentable.

3. Section 559.94 does not remove items from the public domain

The Supreme Court of Florida relied on the decisions of this Court in *Sears* and *Compco* in declaring section 559.94 unconstitutional. However, this reliance is misplaced. The state laws at issue in *Sears* and *Compco* each provided the functional equivalent of a patent to unpatentable items by *prohibiting all* methods of copying the unpatented articles. These laws "had the effect of removing the unpatented items from the public domain, thus, conflicting with federal patent policy. In contrast, Section 559.94, Florida Statutes (1983), does not prohibit the copying of an unpatented item. It prohibits one method of copying; the item remains in the public domain." *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 515 So.2d 220, 223 (Fla. 1987) (Shaw, J., dissenting).

The *Sears-Compco* court was not presented with, nor did it address the issue presented by the case at bar, i.e., whether a state may prohibit one unfair method of

manufacturing an unpatented item if it otherwise allows the item to be sold and copied in every detail. This Court was clearly concerned in *Sears-Compco* with complete prohibition of copying unpatented articles, which the Court saw as "too great an encroachment on the federal patent system to be tolerated." 376 U.S. at 232. The Court observed that states could not be permitted "to *block off* from the public something which federal law has said belongs to the public." *Id.* (emphasis added).

In *Compco*, this Court held that the Seventh Circuit's decision could not stand "*[s]ince the judgment below forbids the sale of a copy of an unpatented article. . . .*" 376 U.S. at 239 (emphasis added). Similarly, this Court reversed the lower Court's judgment in *Sears* because the effect of the judgment below "gave Stiffel the *equivalent of a patent monopoly* on its unpatented lamp." 376 U.S. at 233 (emphasis added). Clearly, a state may not provide the functional equivalent of a patent to an unpatentable article nor forbid the selling of a copy of an unpatentable article. Any state law which attempts to do so will certainly conflict with the federal patent laws. Indeed, as this Court observed in *Goldstein v. California*, 412 U.S. 546 (1973):

> Congress [has] balanced the need to encourage innovation and originality of invention against the need to insure competition in the sale of identical or substantially identical products. [Thus] . . . [t]he application of state law in [the realm of patent law] to *prevent* the copying of articles which [do] not meet the requirements for federal protection [will disturb] the careful balance which Congress [has]

> drawn and thereby necessarily [give] way under the Supremacy Clause of the Constitution.

Id. at 569-70 (emphasis added). However, section 559.94 *does not prevent* the copying of unpatentable articles. Similarly, the statute does not provide the equivalent of a patent monopoly nor otherwise conflict with the federal patent laws.

In *Zenith Radio Corp. v. Hazeltine Research, Inc.*, 395 U.S. 100 (1969), this Court observed that the patent laws provide "[a] patentee [with] the *exclusive right* to manufacture, use, and sell his invention." *Id.* at 135 (emphasis added) (citations omitted). However, in interpreting California's anti-direct molding statute[1] in *Interpart Corp. v. Italia*, 777 F.2d 678 (Fed. Cir. 1985), a statute substantially similar to section 559.94, the Federal Circuit Court concluded the statute:

> does not give the creator of the product the right to exclude others from making, using, or selling the product as does the patent law. The statute does not preclude one from photographing, measuring, or in any way utilizing the concept of the design of the product. It does not preclude copying the product by hand, by using sophisticated machinery, or by any method other than the direct molding process.

Id. at 684-85. The same is true with respect to Florida's anti-direct molding statute. Thus, section 559.94 does not provide the functional equivalent of a patent, nor violate this Court's mandate that "[a]n unpatentable article . . . is in the public domain and may be *made and sold* by whoever chooses to do so." *Sears*, 376 U.S.

1. Cal. Bus. & Prof. Code §17300 (West Supp. 1985).

at 231 (emphasis added). Indeed, the public and competitors have "every right to do [this under the statute]." *Id.*

The Supreme Court of Florida dismissed the Federal Circuit's decision in *Interpart* as "a misapplication of the *Sears/Compco* doctrine." *Bonito Boats*, 515 So.2d at 223. However, the Florida Court, not the Federal Circuit, misapplied this doctrine. This Court's principle "that when an article is unprotected by a patent or a copyright, state law may not *forbid* others to copy that article" is not violated by section 559.94. *Compco*, 376 U.S. at 237. The statute *does not forbid* the copying of an unpatented article, it merely *limits* the way a competitor may *manufacture* an original manufacturer's vessel hull by prohibiting *one method of manufacture*, which the Florida legislature considers unfair.

II. The Supreme Court of Florida Erroneously Distinguished Kewanee And Aronson From The Case At Bar

The Supreme Court of Florida attempted to distinguish *Kewanee* from the case at bar by stating that *Kewanee* involved trade secrets, which by definition are not in the public domain. This attempted distinction, however, is unconvincing for several reasons. *Kewanee* stands for the general proposition that states may provide *some* protection to articles which are unpatentable as long as that protection is not the functional equivalent of a patent and does not conflict with federal patent laws. This Court held "that the cl 8 grant of power to Congress was not exclusive." *Kewanee*, 416 U.S. at 478. This Court has never held, and should not now hold, that if an item is unpatentable it must remain entirely unprotected by state law. The Supreme Court of Florida asserted below, "Either an article in the

public domain is fully protected by patent or it may be copied *in any manner*." 515 So.2d at 222 (emphasis added). The Florida court did not cite any authority for its broad assertion, as indeed it could not, for no such authority exists. This Court has never held that an unpatentable article must remain entirely unprotected. The Supreme Court of Florida stated, "The United States Supreme Court has never ruled that the states *may* selectively enact barriers against some methods of copying unpatented articles." *Id.* at 222 (emphasis added). The converse is also true: the United States Supreme Court has never ruled that the states *may not* selectively enact barriers against some unfair methods of copying unpatented articles. Indeed, by implication this Court has held that states may prohibit some methods of copying unpatented articles. This Court held, for example, that states may constitutionally protect trade secrets. *Kewanee*, 416 U.S. 470. Obtaining trade secrets by unfair means is one method of copying and manufacturing unpatented articles. Thus, this Court has allowed states to prohibit at least one method of copying and manufacturing unpatented articles.

The Supreme Court of Florida attempted to distinguish trade secrets from the direct molding method because trade secrets are not in the public domain. The distinction fails, however, because the *mold* which is produced by the direct molding process is *not* in the public domain. The boat hull is in the public domain, but the mold from which the hull is cast, like a trade secret, is not in the public domain. Indeed, a trade secret may include "a pattern for a machine or other device." *Kewanee*, 416 U.S. at 475 (quoting Restatement of Torts §757, comment b (1939)).

Section 559.94 is analogous to the trade secret law upheld by this Court in *Kewanee*. Both seek to encourage

innovation by preventing competitors from unfairly obtaining information about the original manufacturer's process. Yet neither law prevents "discovery by fair and honest means, such as by independent invention, accidental disclosure, or by so-called reverse engineering, that is by starting with the known product and working backward to divine the process which aided in its development or manufacture." 416 U.S. at 476. Both laws encourage invention by preventing the inventor's competitor from using unfair means to obtain knowledge "without himself paying the price in labor, money, or machines expended by the discoverer." *Kewanee*, 416 U.S. at 482 (citations omitted). In addition, both laws promote the "maintenance of commercial ethics," and

> encourage invention in areas where patent law does not reach, and will prompt the independent innovator to proceed with the discovery and exploitation of his invention. Competition is fostered and the public is not deprived of the use of valuable, if not quite patentable invention.

Id. at 481, 485 (footnote omitted). Furthermore, the laws accomplish the desired result without removing any article from the public domain. The article remains in the public domain and may be manufactured and sold by competitors by any number of methods except *one* particular method, determined by state law to be an unfair method.

The Supreme Court of Florida also erroneously distinguished *Aronson*. The court's attempt to distinguish *Aronson* is even less convincing than the attempts to distinguish *Kewanee*. The court found *Aronson* distinguishable because enforcement of the contract did not conflict

with federal patent laws "because anyone could copy the article." The court apparently overlooked the fact that one competitor, the respondent in *Aronson*, was prohibited from copying the article unless *a royalty fee* was paid to the inventor, even though the article was unpatentable. Section 559.94 allows anyone to copy the article using any method except one method which the Florida legislature has determined to be unfair.

Kewanee and *Aronson* together stand for the proposition that states may provide some protection to unpatentable articles as long as the state laws do not clash with the objectives of the federal patent laws. Section 559.94 does not clash with such objectives. In fact, section 559.94 furthers the patent law objectives of encouraging invention and disclosure and ensuring that articles in the public domain remain there.

CONCLUSION

Based upon the foregoing, this Court should declare section 559.94, Florida Statutes, constitutional and reverse the decision of the Supreme Court of Florida.

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Dated July 15, 1988

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APPENDIX

REVISED: ..... BILL NO. SB 880
DATE: April 29, 1983 Page 1

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

	Analyst	*Staff Director*	*Reference*	*Action*
1.	Lewis	Voigt	1. NRC	.....
2.	.....	.....	2.	.....
3.	.....	.....	3.	.....

SUBJECT: Vessels

BILL NO. AND SPONSOR: SB 880 by Senator McPherson

I. *SUMMARY*:

A. Present Situation:

Because of the type of materials and techniques employed, original manufacturers of fiberglass boats are confronted with the problem of hull "splashing" or "popping" (duplication by the direct molding process) by bootleg manufacturers. Presently there is no legal mechanism available to protect an original manufacturer. In addition, federal law requires that certain vessels have located on its' transom a hull identification number, however, these numbers are easily altered or removed. Because of the easy alteration many manufacturers have also placed secondary numbers in a concealed location.

B. Effect of Proposed Changes:

Section One: Requires all vessels manufactured after the effective date to have a hull identification number prior to sale in accordance with federal rules. In addition, this section would require manufacturers who are required by federal law to number their vessels to provide a unique secondary concealed number in the event the identification number is altered or destroyed.

Section Two: Provides a definition for the direct molding process and makes it unlawful for a person to use the process in duplicating the hull of a vessel made by another without the written permission of that person. This section also prohibits anyone from knowingly selling a duplicated vessel and provides injunctive relief for persons injured by anyone violating the bill's provisions.

II. *ECONOMIC IMPACT AND FISCAL NOTE*:

A. Public: *None*

B. Government: *None*

III. *COMMENTS*:

It is estimated the cost to an original manufacturer for the design, engineering, and tooling (mold) for the average 26 foot boat is in excess of one hundred thousand dollars. Such a bill should provide protection to those legitimate companies in the boat building business. Similar laws exist in California, Texas, and Michigan and bills have been introduced in Tennessee and

New York. The concealed number provisions should provide a mechanism to aid in determining whether the vessel is an original and also aid law enforcement in tracking down ownership of abandoned, lost, or confiscated vessels.

IV. *AMENDMENTS*: *None*

Supreme Court, U.S.
FILED
JUL 15 1988
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CLERK

No. 87-1346

IN THE

Supreme Court of the United States

OCTOBER TERM, 1988

BONITO BOATS, INC.,
Petitioner,

v.

THUNDER CRAFT BOATS, INC.,
Respondent.

On Writ of Certiorari
To The Supreme Court of Florida

BRIEF OF AMICUS CURIAE INTELLECTUAL PROPERTY OWNERS, INC. IN SUPPORT OF PETITIONER

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July 15, 1988

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BRIEF OF AMICUS CURIAE INTELLECTUAL PROPERTY OWNERS, INC. IN SUPPORT OF PETITIONER

INTEREST OF AMICUS CURIAE

Intellectual Property Owners, Inc. (IPO) is a nonprofit association incorporated in the District of Columbia. IPO's members own patents, trademarks, copyrights, trade secrets, and similar legal rights. Its members include large corporations, small businesses, universities and individuals who are responsible for a significant portion of the research and development performed in the United States. They are interested in having effective laws to protect their R&D investments.

Protection for intellectual property is of major importance to the U.S. economy. Royalties and fees received by U.S. industry from international licensing transactions, for example,

are $8.2 billion a year, which is more than six times the amount U.S. industry is paying to foreign firms in royalties and fees. U.S. Department of Commerce, *Survey of Current Business*, Table 10, Mar. 1988.

Piracy and counterfeiting of intellectual property by domestic and foreign competitors is a major problem for U.S. innovators. U.S. firms may be losing as much as $43 to $61 billion per year because of inadequate protection of American intellectual property abroad. U. S. International Trade Commission, Pub. No. 2065, *Foreign Protection of Intellectual Property Rights and the Effect on U.S. Industry and Trade*, App. H. (1988).

State legislation prohibiting copying by direct molding processes may help deter offshore and domestic copiers. In the Federal Circuit case which is in conflict with the decision below, *Interpart Corp. v. Italia*, 777 F.2d 678 (1985), the articles alleged to have been copied by a direct molding process were imported from Taiwan for sale in California.

Unfair copying and other forms of intellectual property infringement and unfair competition need to be addressed through a variety of measures, including federal legislation, state legislation, multilateral treaties, bilateral treaties, and government-to-government consultations. *See generally* Report of the President's Commission on Industrial Competitiveness, *Global Competition: The New Reality*, vol. II, at 306-51 (1985).

The authority of the states to protect against unfair competition is a matter of importance to IPO and to U.S. industry generally. State legislatures may be more able than the U.S. Congress to recognize acts of unfair competition that discourage innovation in industries important to their states, such as the boat industry in Florida.

IPO respectfully urges that the decision below is inconsistent both with established law and policy. The law and policy of the United States, IPO submits, is to encourage innovation and creativity by providing protection against competitors who seek to take *unfair* advantage of the time, expense, effort and imagination of innovators and creators.

SUMMARY OF ARGUMENT

Protection under the Florida direct molding statute is not the equivalent of patent protection. The objective of the patent laws is to encourage innovation by providing broad but difficult-to-obtain protection for inventions. The Florida direct molding statute encourages innovation through narrow but automatically available protection against a particular form of copying considered to be unfair competition.

Congress has left the subject of direct copying of industrial designs unattended. If Congress enacts federal anti-copying legislation, it can decide whether to preempt direct molding laws in the states.

Protection against copying by direct molding afforded by the Florida statute is similar to protection available under state trade secret laws. This Court has upheld the authority of the states to protect trade secrets.

The kind of copying prohibited by the Florida statute also is similar to the copying outlawed by Congress in 1984 for semiconductor chip products. The Florida statute and the chip statute both prohibit direct, low-cost copying but allow reverse engineering. Congress decided to preempt state laws equivalent to the chip statute, but acknowledged that states possessed authority to protect against chip copying before Congress acted.

THE ARGUMENT

I. Florida's Statute Prohibiting Copying by Using Direct Molding Processes Does Not Clash With the Objectives of the Federal Patent Laws.

The Florida statute, FLA. STAT. § 559.94 (1985), does not provide protection that is even remotely similar to patent protection. With a patent, a boat manufacturer has an unrestricted right to exclude everyone—copiers and noncopiers—from making, from using, and from selling the patented invention. 35 U.S.C. §§ 154 and 271(a).

Patent law has no exemption for reverse engineering. The right to exclude covers modifications of a patented hull under the doctrine of equivalents. Patent protection can be enforced against parties who have no actual knowledge of the existence of patent rights. 35 U.S.C. § 287. The patent owner has a right of action against parties who actively induce infringement of the patent and against those who contribute to infringement of the patent. 35 U.S.C. §§ 271(c) and (d).

By contrast, a boat manufacturer under the Florida statute has only a right of action against one who *duplicates* a vessel hull by a *direct molding process* and against one who sells a vessel hull knowing it was made by such a direct molding process. The Florida statute is available only against deliberate copiers who have made virtually no investment of their own in hull designs.

Under the Florida statute it is irrelevant whether a protected vessel hull qualifies for federal patent protection. Protection under the Florida statute is so different that it cannot be said to be even close to the equivalent of patent protection. The court below held that the Florida statute placed "unauthorized restrictions" on the implementation of the federal patent laws. It is respectfully submitted that such a conclusion is without any basis in law or fact. The federal patent laws and the Florida statute are totally distinct, one from the other, the latter relating only to boat hulls made by a special method of copying; there is no such provision in the federal patent laws.

The objective of the federal patent laws is to encourage innovation by providing broad but difficult-to-obtain protection for all kinds of inventions, including useful or ornamental designs of boats. The Florida statute complements this objective by providing narrow but automatically available protection against a form of copying which the state of Florida and eleven other states have found to constitute unfair competition.

Legislation is pending in Congress which is concerned solely with direct copying of industrial designs. H.R. 1179 and S. 791, 100th Cong., 1st Sess. The proposed legislation would co-exist with patent protection. So far, however, Congress has

left the subject of direct copying of industrial designs unattended, and therefore the states are free to act to provide a remedy against direct copying that is not the equivalent of patent law remedies. *See Goldstein v. California*, 402 U.S. 546 (1973). If Congress enacts federal anti-copying legislation for industrial designs, it can decide whether that legislation should preempt direct molding laws in the states.

II. The Scope of Protection Against Copying Afforded by the Florida Statute Resembles the Scope of Protection Available Under State Trade Secret Law That Has Been Upheld by This Court.

This Court in *Kewanee Oil Co. v. Bicron Corp.*, 416 U.S. 470 (1974) upheld state trade secret protection. *Kewanee* helped clarify the scope of the preemption doctrine that was considered earlier in *Sears Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225 (1964) and *Compco Corp. v. Day Brite Lighting, Inc.*, 376 U.S. 234 (1964). *See also Aronson v. Quick Point Pencil Co.*, 440 U.S. 257 (1979).

Trade secret law protects against unauthorized acquisition, disclosure or use of confidential information. That is the scope of the Uniform Trade Secrets Act, for example, which was drafted by the National Conference of Commissioners on Uniform State Laws and is now adopted in 26 states. *See generally* Klitzke, *The Uniform Trade Secrets Act*, 64 Marq. L. Rev. 277 (1980).

Trade secret protection extends only to persons who utilize or disclose confidential information without authority. It does not extend to persons who reverse engineer or develop the information independently. Similarly the Florida direct molding statute covers copyists who have access to the hull of a vessel and copy it by using a direct molding process, but it does not cover innovators who design the same vessel hull independently. It does not even cover copyists who duplicate the hull by methods other than direct molding, such as by manually taking measurements of all dimensions of the original.

Trade secret law does not remove information from the public domain. Trade secrets may become available to the public if inadvertently disclosed by the owner or independently

developed by another party. Neither does the Florida statute keep a vessel hull out of the public domain.

Finally, trade secret law and the Florida statute resemble each other in providing protection without regard to whether the subject matter protected meets the criteria for obtaining a patent. Both trade secret law and the Florida statute are so different from patent law that patentability standards are irrelevant.

III. Copying of Boat Hulls by Direct Molding Processes is Similar to the Kind of Copying That was Outlawed by Congress in 1984 for Semiconductor Chips, and Congress Recognized the Right of States to Protect Against Chip Copying Until Congress Legislated on Chip Copying.

When Congress enacted the Semiconductor Chip Protection Act of 1984 ("Chip Act"), Pub. L. No. 98-620, Congress provided a remedy against a type of copying which is similar to copying by direct molding processes. A semiconductor chip can cost millions of dollars to design and develop, but once developed, it can be copied at a fraction of the original design and development cost. H.R. Rep. No. 781, 98th Cong., 2d Sess. 2 (1984). It is possible to photograph the layers of some semiconductor chips and reproduce copies almost as simply as one can photocopy sheets of paper. *See* S. Rep. No. 425, 98th Cong., 2d Sess. 4 (1984).

The Chip Act protects against copying of the layout of a chip by "optical, electronic, or any other means", 17 U.S.C. § 905, but permits "reverse engineering", 17 U.S.C. § 906. Reverse engineering is defined as analyzing or evaluating the concepts or techniques embodied in a protected chip and designing a chip layout based on that analysis or evaluation.

This scheme of protection for chips—prohibiting direct, low-cost copying while allowing reverse engineering—is analogous to the protection provided by the Florida statute for boats. Photographic reproduction of layers of a chip is analogous to copying of a boat hull by a direct molding process. Reverse engineering under the Chip Act is similar in concept to copying

of boat hulls by methods other than direct molding under the Florida statute, such as measuring the dimensions of the original hull and building a new original mold.

According to the interpretation given to the *Sears* and *Compco* preemption doctrine by the Supreme Court of Florida, states would have been unable to protect chips prior to Pub. L. No. 98-620. Chips would have been protectible only to the extent they could be patented.

The Chip Act makes clear, however, that that is not how Congress viewed the situation. Although Congress decided to preempt state laws "which are equivalent to those rights or remedies" provided in the Chip Act, it also decided preemption would be effective only with respect to actions filed on or after January 1, 1986. 17 U.S.C. § 912(c).

The federal patent laws, clearly, were considered by Congress *not* to have preempted state protection of chips. Congress acknowledged that the states possessed authority to protect against chip copying until Congress decided specifically to preempt protection. The states obviously have authority to protect against copying of boat hulls by direct molding processes at least until Congress provides equivalent rights or remedies to designers of boat hulls.

CONCLUSION

Intellectual Property Owners, Inc. urges the Court to reverse the decision of the Supreme Court of Florida holding FLA. STAT. § 559.94 (1985) unconstitutional.

Respectfully submitted,

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BRIEF OF THE ORANGE COUNTY PATENT LAW ASSOCIATION AND LOS ANGELES PATENT LAW ASSOCIATION

INTEREST OF AMICI CURIAE

This brief amici curiae in support of Petitioner Bonito Boats, Inc. is submitted on behalf of the Orange County Patent Law Association (OCPLA) and the Los Angeles Patent Law Association (LAPLA). The OCPLA is an organization in Orange County, California of attorneys and other individuals interested in intellectual property law. The LAPLA is an organization in Los Angeles, California of attorneys and other individuals interested in intellectual property law.[1]

In this brief, Amici provide the Court with information demonstrating that states have significant interests in formulating intellectual property laws, and such laws, particularly those related to restrictions on unauthorized plug molding, are not preempted by existing federal statutes.

SUMMARY OF ARGUMENT

This case raises important questions of federally imposed limitations on state powers to provide protection for intellectual property rights. The Florida Supreme Court has found[2] a narrowly drafted Florida state statute[3] regulating the molding of boat hulls to be unconstitutional as preempted

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[1]The qualifications of the OCPLA and LAPLA as Amici are set forth in the Appendix I to this Brief.

[2]*Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 515 So.2d 220 (Fla. 1987).

[3]Fla. Stat. Ann. § 559.94 (West 1988).

by the federal patent laws. It disagreed with an opinion[4] by the U.S. Court of Appeals for the Federal Circuit which found a similar state statute to be valid and not preempted by the federal patent laws.

States do not offend the supremacy of federal laws by enacting or enforcing state laws, generally referred to as plug molding laws, that regulate the unauthorized duplication of products using a direct contact molding process. States have traditionally exercised powers to prevent misappropriation and unfair competition, without conflict with federal laws. Unauthorized plug molding has been recognized as a significant problem by many states, and narrowly tailored statutes have been crafted to protect public and private interests, without unduly restricting the free flow of ideas in the public domain. Such state plug molding laws do not conflict with the federal patent laws. Also, the federal copyright statutes do not preempt state plug molding laws which involve subject matter not covered by copyright, establish rights which are not equivalent to copyright, and require extra elements for a cause of action not required in copyright actions.

ARGUMENT

I. THE STATES HAVE A VITAL ROLE TO PLAY IN PROVIDING INTELLECTUAL PROPERTY PROTECTION CONSISTENT WITH THE FEDERAL SYSTEM.

In 1964, shock waves were sent throughout the entire body of state unfair competition law. This was caused by the *"Sears–Compco* doctrine". *Sears, Roebuck & Co. v.*

[4] *Interpart Corp. v. Imos Italia, Vitaloni, S.p.A.*, 777 F.2d 678 (Fed. Cir. 1985).

Stiffel Co., 376 U.S. 225 (1964); *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234 (1964).

The severe dislocations caused by the broad language of the opinions in the Court's 1964 *Sears–Compco* decisions have been analogized to a federal glacier suddenly lurching down an Alpine valley and destroying several familiar state law landmarks which had existed for many years. McCarthy, *Important Trends in Trademark and Unfair Competition Law During the Decade of the 1970s*, 71 Trademark Rep. 93 (1981). Viewed with the benefit of hindsight, the *Sears–Compco* decisions exist on two levels: the specific holding and the broad and sweeping dictum. For example, the Court made the following sweeping observation: "Today we have held ... that when an article is unprotected by a patent or a copyright, state law may not forbid others to copy that article." *Compco*, 376 U.S. at 237.

This and other similarly broad statements of principle in the *Sears–Compco* opinions were susceptible of meaning that if an innovator had no valid federal patent or copyright, it had no protection under *any* body of law, state or federal. Federal law was the exclusive source of intellectual property protection. Innovators whose creations were not clearly protected by federal patent or copyright statutes were deprived of recourse to the forum of the State legislatures or the creation of State common law by the judiciary. The ruling generalization was that "only federal rights count."

However, with the passage of time, unreasonable and unfair results were seen to flow from a literal reading of the "federal only" generalizations of *Sears-Compco*. *See, e.g., Columbia Broadcasting System v. DeCosta*, 377 F.2d 315 (1st Cir. 1967), *cert. denied*, 389 U.S. 1007 (1967) (holding that an entertainer who proved that CBS stole his "Paladin" characterization for use in a TV series had no state

law remedy because he had no federal protection). Beginning in 1973, this Court began to step back from the overly broad "federal only" policies implicit in the *Sears–Compco* dictum. In *Goldstein* in 1973, this Court held that the states can prevent the misappropriation of pre-1972 recorded performances (tape and record piracy) even though prior to 1972, federal copyright law did not protect such performances. *Goldstein v. California*, 412 U.S. 546 (1973). In *Kewanee* in 1974, this Court held that federal patent law in no way preempted state power to protect trade secrets in inventions, whether patentable under federal law or not. *Kewanee Oil Co. v. Bicron Corp.*, 416 U.S. 470 (1974). The Court viewed Congressional failure to pass a federal trade secret law as a green light for the States. Similarly, the failure of Congress to pass a special plug molding federal law should be seen as a green, not a red light, for the States to act to prevent unfair competition.

In *Zacchini* in 1977, this Court approved a state law prohibiting the infringement of the state law right of publicity in an entertainer's whole live act. *Zacchini v. Scripps–Howard Broadcasting Co.*, 433 U.S. 562 (1977). It was noted that a State's desire to protect against the taking of an entertainer's act is founded upon the same considerations and is not inconsistent with, federal patent and copyright laws. *See*, J. McCarthy, The Rights of Publicity and Privacy § 1.10[B] (1987). And in *Quick Point* in 1979, the Court upheld state contract law enforcing royalties to be paid for disclosure of a trade secret for as long as the secret was to be used by the licensee. *Aronson v. Quick Point Pencil Co.*, 440 U.S. 257 (1979).

This Court's consistent movement away from the "federal only" generalizations of *Sears–Compco* is a rational and constructive endorsement of the basic principle that the States have an important role to play in the stimulation of

innovation and creativity through the creation of exclusive rights. This Court's decisions from *Goldstein* to *Quick Point* demonstrate judicial tolerance in our "bifurcated" system for state encouragement of fair competition and investment in technological and literary creations. Federal statutes should not be the sole and exclusive source of protection for innovative creations.

II. UNAUTHORIZED PLUG MOLDING IS A UNIQUE INFRACTION WHICH CAUSES DAMAGE, AND STATE LAWS EXIST FOR THE VALID PURPOSE OF NARROWLY PROHIBITING UNAUTHORIZED PLUG MOLDING.

It is not surprising that states should become concerned with unauthorized plug molding, or unauthorized direct contact molding. Molding is a well known manufacturing process, and as an example from the plastics industry, may be defined as the shaping of a plastic composition within or on a mold consisting of a cavity or matrix into or on which the plastic composition is placed or on which it takes form. J. Hull, *Molding*, in 9 Encyclopedia of Polymer Science and Technology 1, 5-6 (John Wiley & Sons, Inc. 1965). In the same context, "contact molding" can be defined as a process for molding reinforced plastics in which reinforcement and resin are placed on a mold and cured. *Id.* at 3. States which have provided protection from unauthorized plug molding have narrowed the focus even further to restrict only "plug" or "direct contact" molding in which an existing original item (manufactured by another) is used to directly impart its shape to a cavity or form which can then be used for producing duplicates. That is, the original manufactured item is used

for what is referred to as a "pattern"[5] as a part of the process of fabricating the tools used to make duplicates of the original item. Making an original pattern or plug can be very expensive and time consuming, whereas making a mold by direct contact molding can be much quicker and less expensive. In the case of boat hulls, an original manufacturer would have a large investment in preparing a pattern for a hull which had the desired precise shape, dimensions, tolerances, and surface finish; and states would have an interest in encouraging such investments and encouraging innovations in boat hull design.

Twelve states have recognized the importance of providing statutory protection against unauthorized plug molding. Florida, Indiana, Kansas, Louisiana, Maryland, Mississippi, Missouri, North Carolina and Wisconsin have enacted state statutes which prohibit the unauthorized plug molding of boats, vessels, or various types of watercraft.[6]

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[5]The term "pattern" has a specialized meaning in this context, drawn from the historical usage in metal casting in which patterns are solid objects used to make mold cavities when sand is packed around a pattern. C. Loper, E. Crane, E. Shifrin, S. Kalpakjian, J. Broadston & R. Perkins, *Shop Processes*, in Mark's Standard Handfbook for Mechanical Engineers 13-2 (E. Avallone & T. Baumeister 9th ed. 1987). Patterns are very important because the items produced by molding can be no better than the pattern, and the pattern serves to define the precise shape, accurate dimensions, close tolerances, and desired surface finish. *Id.* The term "plug" is sometimes used to refer to a molding pattern.

[6]Fla. Stat. Ann. § 559.94 (West 1988); Ind. Stat. Ann. §§ 24-4-8-1–24-4-8-7 (Supp. 1988) (protecting "watercraft"); Kan. Stat. Ann. § 50-802 (Supp. 1987); La. Rev. Stat. Ann. §§ 51:462–51:462.2 (1987) (protecting "vessel hulls"); Md. Ann. Code § 11-1001 (Supp. 1987) (protecting "vessel hulls"); Miss. Code Ann. § 59-21-41 (Supp. 1987); Mo. Ann. Stat. Stat. § 306.900 (Vernon 1988) (protecting "vessel hulls"); N.C. Gen Stat. §§ 75A-27–75A-31 (1987) (providing protection for only the first ten years of production of a boat hull); Wis. Stat. Ann. § 134.34 (West Supp. 1987) (protecting "vessel hulls").

California, Michigan, and Tennesee have enacted statutes which are not limited to boats, vessels, or watercraft, but which prohibit unauthorized plug molding of manufactured items.[7] Although the statutes have not been in effect for a long time, there have been numerous reported decisions involving the statutes besides the instant dispute. *See, Interpart Corp. v. Imos Italia, Vitaloni, S.p.A.*, 777 F.2d 678 (Fed. Cir. 1985); *Brahma, Inc. v. Joe Yeargain, Inc.*, 665 F. Supp. 1447 (N.D. Ca. 1987); *Metro Kane Imports, Ltd. v. Rowoco, Inc.*, 618 F. Supp. 273 (S.D.N.Y. 1985). Therefore, the question presented to this Court concerning the constitutionality of the Florida statute will have a great impact on the laws of many states, and on many disputes between parties not before this Court.

State plug molding statutes do not foreclose the legitimate copying of boat hulls or other items by conventional reverse engineering techniques. Competitors are free to measure, compare, evaluate, and analyze each other's products; and even to duplicate such products precisely, so long as direct contact molding methods are not used. State plug molding statutes are properly focused on narrow protections for the work done in producing a mold pattern, while leaving wholly unprotected (and open for federal protection) the intellectual concepts and ideas which may be embodied in the molded product.

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[7]Cal. Bus. & Prof. Code §§ 17300–17301 (West 1987); Mich. Comp. Laws §§ 445.621–445.624 (Mich. Stat. Ann. §§ 18.620(1)–18.620(4) (Callaghan 1986)); Tenn. Code Ann. § 47-50-111 (1984).

III. STATE PLUG MOLDING STATUTES ARE IN HARMONY WITH THE U.S. CONSTITUTION AND FEDERAL STATUTES, AND ARE NOT PREEMPTED.

This Court has set forth the criteria for the federal–state balance embodied in Supremacy Clause[8] jurisprudence in *Hillsborough County v. Automated Medical Laboratories,* 471 U.S. 707 (1985). Absent express statements of Congress' intent to preempt all state law in a field, the evaluation of preemption is left to inference based on the comprehensiveness of the federal regulation, or on the dominance of the federal interest. *Id.* at 713. Also, state law is nullified to the extent that it conflicts with federal law by either making compliance with both impossible, or when the state law is an obstacle to execution of the purposes and objectives of federal law. *Id. Hillsborough* concluded that Florida regulation of blood plasma centers did not interfere with the federal objective of encouraging an adequate supply of blood plasma, and was not not preempted despite extensive federal regulation and interest in blood collection regulation. *Id.* at 721. *Hillsborough* followed this Court's decision in *Florida Lime & Avocado Growers v. Paul,* 373 U.S. 132 (1963) which upheld a California regulation of avocado maturity standards, and stated "federal regulation in a field of commerce should not be deemed preemptive of state regulatory power in the absence of persuasive reasons — either the nature of the regulated subject matter permits no other conclusion, or that the Congress has unmistakably so ordained." *Id.* at 142. Both *Hillsborough* and *Florida Lime* paid careful attention to the analysis in *Hines v. Davidowitz,* 312 U.S. 52 (1941), and concluded in both cases that the challenged state regulations did not stand "as an obstacle to

[8]U.S. Const. art. VI, cl. 2.

the accomplishment and execution of the full purposes and objectives of Congress." *Id.* at 67.

The Florida state boat hull molding law challenged in this case is not contrary to the federal patent and copyright laws, and does not interfere with the supremacy of those federal laws.

Federal patent and copyright laws have been enacted pursuant to the patent and copyright clause which provides that "The Congress shall have Power...To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries." U.S. Const. art. 1, § 8. President Washington urged the First Congress to enact a patent statute by empasizing "the expediency of giving effectual *encouragement,* as well as to the introduction of new and useful inventions from abroad, as to the exertions of skill in producing them at home."(emphasis added).[9] This Court has found the intent of the patent and copyright clause as follows:

> The economic philosophy behind the clause empowering Congress to grant patents and copyrights is the conviction that encouragement of individual effort by personal gain is the best way to advance public welfare through the talents of authors and inventors in "Science and useful Arts." Sacrificial days devoted to such creative activities deserve rewards commensurate with the services rendered.[10]

[9]H. Forman, *Two Hundred Years of American Patent Law,* in Two Hundred Years of English and American Patent, Trademark and Copyright Law 28 (Am. Bar Ass'n 1977).

[10]*Mazer v. Stein,* 347 U.S. 201, 219 (1954). *Mazer* found that a functional lamp base shaped like a Balinese dancer was copyrightable, even though the lamp base was useful as well as decorative.

Florida, and other states, may provide protection to boat hull manufacturers and others without interfering with the system of incentives and rewards envisioned under the Constitution.

A decision restricting an Ohio state law "right of publicity" on federal grounds was reversed by this Court in *Zacchini v. Scripps–Howard Broadcasting Co.*, 433 U.S. 562 (1977).[11] The decision in *Zacchini* included the above quotation from *Mazer*, and noted that although the patent and copyright laws regard a "reward to the inventor" to be a secondary consideration, "[t]he Constitution does not prevent Ohio from making a similar choice here in deciding to protect the entertainer's incentive in order to encourage the production of this type of work." *Id.* at 576-577. Although the decision in *Zacchini* focused on possible conflicts between the First Amendment and Ohio state law concerning a right of publicity, it also cited and briefly discussed the *Goldstein* and *Kewanee* preemption decisions. *Id.* at 577 n. 13.

Following the reasoning of *Zacchini*, the plug molding statutes enacted by Florida and other states encourage the production of works of benefit to the public, a purpose similar to the purpose of the patent and copyright clause.

Judge Giles Rich, in dicta for the Court of Customs and Patent Appeals, succinctly interpreted the intent of the patent and copyright laws with particular application to the concept of "public domain" often raised in preemption arguments:

> Patent laws function only to keep things *out* of the public domain temporarily. They have nothing to do with putting things into it. They say nothing about right to copy *or* right to use, they speak only in terms of right to *exclude*. "Public domain," moreover, is a question-begging legal concept. Whether or not things are in or out of the public domain and free or not free to be copied may depend on all sorts of legal concepts including patent law, antimonopoly policy and statutes, the law of unfair competition, copyright law, and the law of trademarks and trademark registration. What we really do is to determine these *legal* rights; then we may express the ultimate conclusion by saying something is in the "public domain" — or not in it.[12]

Therefore, it is not particularly meaningful to argue about whether the patent or copyright laws place all manufactured items not meeting federal protection standards into the "public domain" so as to preempt any state protection for those items under plug molding statutes.

A. Federal Patent Laws Do Not Preempt State Plug Molding Statutes.

The Florida Supreme Court reads the *Sears–Compco* opinions as precluding regulation of the manner of copying unpatented items.[13] The rationale set forth in those opinions dwells on monopoly and supports the view that this Court was there concerned only with precluding states from granting rights equivalent to those granted by the patent

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[11] The Court concluded in *Zacchini* that the First and Fourteenth Amendments did not require (i.e., the enforcement of an Ohio right of publicity was allowed) the State of Ohio to privilege the press in televising a "human cannonball" circus act on an 11 o'clock news program. *Id.* at 579.

[12] *Mine Safety Appliances Co. v. Electric Storage Battery Co.*, 405 F.2d 901, 902 n. 2 (C.C.P.A. 1969). *Mine Safety* held that it was unnecessary to consider *Sears* and *Compco* preemption arguments in a case upholding a refusal to register a trademark for the shape of a ribbed "hard hat" that had been the subject of a design patent. *Id.*

[13] *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 515 So.2d 220, 223 (Fla. 1987).

laws. Nothing in those opinions justifies extending them beyond such a holding.

Later decisions of this Court demonstrate that the Florida court was wrong in construing *Sears–Compco* to preclude states from regulating methods of copying unpatented items.

In *Kewanee*, this Court upheld state regulatory power over trade secrets as against a similar attack that the area was preempted by the patent laws under the rationale of *Sears–Compco*. In so doing, this Court held:

> Just as the States may exercise regulatory power over writings so may the States regulate with respect to discoveries. States may hold diverse viewpoints in protecting intellectual property relating to invention as they do in protecting the intellectual property relating to the subject matter of copyright. The only limitation on the States is that in regulating the area of patents and copyrights they do not conflict with the operation of the laws in this area passed by Congress.

Kewanee, 416 U.S. at 479.

Under trade secret laws, sanctioned by this Court in *Kewanee*, courts are at times called upon to determine that certain methods of copying are unfair or improper. For example, in *E. I. duPont deNemours & Co. v. Christopher*, 431 F.2d 1012 (5th Cir. 1970), *cert. denied*, 400 U.S. 1024 (1971), aerial photography was held to be an "improper means" of copying a methanol processing facility under construction. The *DuPont* court made this value judgment just as twelve legislatures have made the value judgment that plug molding is an improper means of copying. Thus, state notions of commercial ethics underlying such plug molding restrictions are not substantially different from those underlying common law trade secret protection, and it does not appear that the existence of patent laws is intended to

deprive the states of the ability to continue to recognize the increasingly high standards of commercial morality noted in *Du Pont*. *Id.* at 1015.

Even if such regulation is perceived as impinging somewhat on policies of federal patent law, the decisions of this Court indicate that some impingement may be tolerated. In *Kewanee*, this Court faced the argument that trade secret law permits keeping patentable inventions secret and conflicts in that respect with the patent law policy of encouraging the disclosure of inventions. In *Quick Point*, the Court upheld a contract for royalties for disclosure of an unpatented item, noting that such a contract "is even less offensive" to the patent laws than trade secret protection of unpatented devices upheld in *Kewanee*. *Quick Point*, 440 U.S. at 266. Thus, that a state law impinges to some extent on free copying of unpatented devices is insufficient to justify holding it preempted as an obstacle to federal patent laws.[14]

In this case, the first two purposes of the patent laws set forth in *Kewanee* and *Quick Point* are promoted by the state law at issue: plug molding statutes encourage the investment required to come up with new designs and also promote their disclosure. The patent law policy issue under scrutiny in

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[14] Advocates of federal preemption may argue that state plug molding statutes are preempted as, in effect, providing protection equivalent to the federal statutory protection provided by a "product by process" claim in a patent. The same argument would continue by stating that such state protection, which would provide design protection unlimited in duration, would conflict with the objectives of federal patent law. However, this argument can be seen to have no merit if the issue is correctly framed as whether state plug molding statutes would discourage the invention or patenting of new products and processes. State plug molding statutes neither add to nor subtract from rights which may be obtained for new processes.

this case is whether the law withdraws ideas from the public domain. *Quick Point*, 440 U.S. at 264 (included in a discussion of the dicta in *Lear, Inc. v. Adkins*, 395 U.S. 653, 670-671 (1969)). As is frequently pointed out, there is a difference between an idea and the expression of that idea. In the case of boats — the mental concept of the boat design is the "idea," whereas the expression of that idea is the actual boat itself. Plug molding statutes do not prevent use of the mental concept of the design to create a copy, nor, in fact, does it prevent expression of the idea. It only precludes a particular manner of creating an expression of the idea determined to be unfair or unethical. Thus, no ideas are withdrawn from the public domain, and there is no conflict between the plug molding statutes and the patent laws. Any impingement on the patent laws which might be asserted is certainly no greater than that in the state laws upheld in *Kewanee* and *Quick Point*.

Similar considerations underlay this Court's upholding of the California piracy statute at issue in *Goldstein*. As stated by this Court in that case:

> The challenged California statute forbids petitioners from transfering any performance fixed on a tape or record onto other records or tapes with the intention of selling the duplicates, unless they have first received permission from those who, under state law, are the owners of the master recording. Although the protection afforded to each master recording is substantial, lasting for an unlimited time, the scope of the proscribed activities is narrow. No limitation is placed on the use of the music, lyrics or arrangement employed in making the master recording. Petitioners are not precluded from hiring their own musicians and artists and

> recording an exact imitation of the performance embodied on the master recording. Petitioners are even free to hire the same artists who made the initial recording in order to duplicate the performance. In essence, the statute thus provides copyright protection solely for the specific expressions which comprise the master record or tape.

Goldstein, 412 U.S. at 550-551.

State plug molding statutes do not prevent imitation or even exact copying of a manufactured item through fair means. A competitor can measure a manufactured item, prepare a wood or clay model from those measurements, and use that model to produce a mold. The competitor is free to make and sell an exactly duplicate product if that competitor is willing to go to the effort and expense required to do so by lawful means. State plug molding statutes only prevent a manufacturer from unfairly avoiding the expense of independently producing its own mold.

B. Federal Copyright Laws Do Not Preempt State Plug Molding Statutes.

The decisions reported thus far in this case have not raised an issue of preemption by the federal copyright statutes. However, a noted academic commentator has argued that state plug molding statutes are preempted by 17 U.S.C. § 301. Brown, *Design Protection: An Overview*, 34 U.C.L.A.L. Rev. 1341, 1392-1393 n. 230 (1987).[15] The

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[15]Professor Brown framed the issue as whether a state could proscribe a technique of copying, and outlined an argument as follows: "Congress, having excluded the shape of useful objects from copyright, while providing for them in design patent, ratified the position of *Sears-Compco* that states could not prevent the copying of articles unprotected by copyright or patent. The Plug Mold law operates as an impediment (though not a barrier) to copying." *Id.* However, Professor

federal copyright statutes expressly allow state laws to cover a broad scope of matters not addressed by Congress, thus adding strength to the argument that Congress has not attempted to fully occupy the field, but has left power with the states to also legislate in the field of intellectual property. The boundaries of federal preemption under the copyright laws are specified in 17 U.S.C. § 301(b) as follows:

> Nothing in this title annuls or limits any rights or remedies under the common law or statutes of any State with respect to—
>
> (1) subject matter that does not come within the subject matter of copyright as specified by sections 102[16] and 103[17], including works of authorship not fixed in any tangible medium of expression; or
>
> (2) any cause of action arising from undertakings commenced before January 1, 1978; or
>
> (3) activities violating legal or equitable rights that are not equivalent to any of the exclusive rights within

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Brown goes beyond the federal preemption issue, and challenges the wisdom of state plug molding statutes by arguing that "the simple restriction of 'plug mold' laws is nothing more than an inefficient roadblock; it raises costs for imitators and does nothing for consumers if all the market wants is the exact same thing only cheaper." *Id.*, 34 U.C.L.A.L. Rev. 1394. Questions concerning the efficiency of state statutes, and their effect on consumers, should be left to the state legislatures, and should not be considered by this Court in deciding an issue of federal preemption.

[16]The subject matter of federal copyright is broadly defined in 17 U.S.C. § 102(a) as "original works of authorship fixed in any tangible medium of expression."

[17]Compilations and derivative works are included within the subject matter of federal copyright by 17 U.S.C. § 103.

> the general scope of copyright as specified by section 106[18]

The first step in considering federal preemption under the copyright laws, as specified in 17 U.S.C. § 301(b)(1), is to evaluate whether the challenged state law covers subject matter which comes within the subject matter of copyright. The subject matter of federal copyright is very broad, and includes many types of three-dimensional works which might be duplicated by plug molding. However, the copyright statute, in 17 U.S.C. § 101, narrowly specifies the subject matter of protection for useful articles to the design of such articles "*only* if, and *only to the extent that*, such design incorporates pictorial, graphic, or sculptural features that can be identified separately from, and are capable of existing independently of, the utilitarian aspects of the article." (emphasis added)[19]

It is significant that Congress defined the subject matter for federal copyright so as to leave many useful objects entirely outside the subject matter. Specifically, the shapes of boat hulls would be expected to not have any independent and separable features that would be the subject of federal copyright. A noted treatise has surveyed the legislative history of the federal copyright law and concluded that either physical or conceptual severability[20] of the artistic features

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[18]Exclusive rights to copyrighted works are granted by 17 U.S.C. § 106 to (1) reproduce the works as copies, (2) prepare derivative works based on the copyrighted works, (3) to distribute copies of the work, (4) to perform certain types of works publicly, and (5) to display certain types of works publicly.

[19]This limitation on copyright protection for useful articles is contained in the definition of "pictorial, graphic, and sculptural works" in 17 U.S.C. § 101.

[20]Physical severability is discussed in a case refusing copyright registration to the shape of an outdoor lighting fixture, devoid of

would suffice. 1 M. Nimmer & D. Nimmer, Nimmer on Copyright § 2.08[B][3]. The treatise authors suggest the following standard: "conceptual separability exists where there is any substantial likelihood that even if the article had no utilitarian use it would still be marketable to some significant segment of the community simply because of its aesthetic qualities." *Id.* Applying the proposed standard to boat hulls as protected by the Florida statute considered in this case, it is submitted that if boat hulls were not to be used as such, they would not be marketable for any aesthetic qualities, and thus would not be copyrightable.

A state law prohibiting product imitations was found to not be preempted for useful articles which did not satisfy the federal requirement for independent or separable features in *Vermont Castings, Inc. v. Evans Products Co.*, 215 U.S.P.Q. (BNA) 758 (D. Vt. 1981).[21] Even if a particular boat hull feature was both independent and separable, only that feature would be copyrightable subject matter, and the state law could be construed narrowly to pertain only to the

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ornamentation or decoration. *Esquire, Inc. v. Ringer*, 591 F.2d 796 (D.C. Cir. 1978). Conceptual severability is discussed in a case which found decorative belt buckles used as jewelry to be copyrightable. *Kieselstein-Cord v. Accessories by Pearl, Inc.*, 632 F.2d 918 (2d Cir. 1980). Both *Esquire* and *Kieselstein-Cord* were decided under the federal copyright statute which preceded the current federal copyright statute.

[21]The state law theory of liability in *Vermont Castings* appears to have been a matter of "common law trademark infringement," and both state law claims and federal trademark claims survived a motion for summary judgment. The court concluded its copyright preemption analysis with the statement that "the design features are inseparable from the overall configuration of the stoves. Because copyright protection would not extend to these features, there can be no preemption under [17 U.S.C.] § 301 of the Copyright Act of common law remedies for protection." *Id.* at 763.

useful article (boat hull) and not to the particular feature, and thus to avoid federal preemption. In compliance with 17 U.S.C. § 301, if boat hulls are not copyrightable subject matter, then the inquiry is ended, and there is no preemption under the federal copyright laws for the Florida boat hull molding statute. There are no facts before this Court to suggest that the Florida statute is being applied to a boat hull design which is included within the subject matter of federal copyright law. However, in the interest of full evaluation, a second step is discussed below.

The second step defined by 17 U.S.C. § 301(b)(3) is an evaluation of whether the Florida plug molding statute provides rights which are "not equivalent to any of the exclusive rights within the general scope of copyright." Professor Goldstein has reviewed the legislative history of the federal copyright statute, and concluded that it is an open question whether an action based on a claim of "misappropriation" was intended to be preempted, and argues that it would be inconsistent with the legislative history to presume that misappropriation remedies would be "equivalent" for purposes of 17 U.S.C. § 301(b)(3).[22] Goldstein, *Preempted State Doctrines, Involuntary Transfers and Compulsory Licenses: Testing the Limits of Copyright*, 24 U.C.L.A.L. Rev. 1107, 1118-1119 (1976). The right provided by the Florida statute is the exclusive right of a boat hull maker to prevent others from using its boat hulls as plugs to make molds for the further molding of boat hulls.

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[22]Another commentator reviewing the legislative history of 17 U.S.C. § 301 refers to it as a "naive and simplistic preemption scheme" and concludes that "nothing definitive can be said about the current status of the misappropriation doctrine in light of § 301." Abrams, *Copyright, Misappropriation, and Preemption: Constitutional and Statutory Limits of State Law Protection*, 1983 Sup. Ct. Rev. 509, 580, 575 (1983).

One court has found that an "implicit provision" in an agreement, under state law, governing the permissable uses for architectural plans was not preempted by the federal copyright law, even though the plans were copyrighted. *Acorn Structures Inc. v. Swantz*, __F.2d__, 6 U.S.P.Q.2d (BNA) 1810, 1812 (4th Cir. 1988). The "implicit provisions" were found to not arise out of the subject matter of copyright, and therefore were not preempted since the state law claim was a separate and distinct cause of action. *Id.* at 1812. Similarly, state plug molding statutes limit the uses of manufactured items (i.e., imposing limitations on uses of such items as direct contact plugs for molding), a separate cause of action not arising out of the subject matter of copyright.

A test has been proposed for copyright preemption asserting a requirement that an "extra element" be present, beyond the elements of a federal cause of action, in order to support a state cause of action. 1 M. Nimmer & D. Nimmer, Nimmer on Copyright § 1.01[B][1] at 1-12 (1988)[23] This "extra element" test has been applied by some courts to strike down state causes of action which were based on the same qualitative claims as federal copyright.[24]

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[23]The Nimmer treatise cites a large number of cases applying 17 U.S.C. § 301, some finding and others avoiding preemption, and concludes that if an act governed by federal copyright law will *in itself* infringe the state law, then the state law is preempted; but there is no preemption if the state law requires *other elements*. *Id.* at 1-12. Copying a manufactured item (such as a boat hull) will not *in itself* violate a state plug molding statute, the *other element* of direct contact molding is required under such state laws.

[24]In *Mayer v. Josiah Wedgwood & Sons, Ltd.*, 601 F. Supp. 1523, 1535 (S.D.N.Y. 1985), a claim for conversion of a design, through unauthorized reproduction, of a snowflake on a Christmas ornament was found to be preempted by the federal copyright laws. The *Mayer* court found that merely pleading "commercial immorality" would not suffice

The important "extra element" of state plug molding statutes is the requirement of the use of *direct contact* between the item which is protected and the mold which is created. This element of *direct contact* is not an element required by the federal copyright statutes, represents a distinct cause of action, and yields rights not equivalent to copyright. The state plug molding statutes are properly focused on the protection of the moldmaker's investment, govern the creation and use of molds by unfair methods, and require moldmaking by *direct contact* as an element of a claim, unlike federal copyright.

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to establish the needed "extra element" to avoid preemption. *Id.* at 1535. In a case denying a state unfair competition ("breach of fiduciary duty") claim on the merits, a court has also found federal preemption under the copyright laws. *Del Madera Properties v. Rhodes & Gardner, Inc.*, 820 F.2d 973, 977 (9th Cir. 1987). However, the court in *Del Madera* noted that the basis for the state law claim was that the defendant had furnished certain documents and information to a third party, and thus the claim did not add any "extra element" to those required for a copyright claim asserting rights of reproduction, preparation of derivative works, distribution, or display. *Id.* at 977. Both *Mayer* and *Del Madera* cited the decision in *Harper & Row* which held that a state tort law claim merely adding an element of awareness or intent would not avoid preemption under 17 U.S.C. § 301. *Harper & Row, Publishers v. Nation Enterprises*, 501 F. Supp. 848 (S.D.N.Y. 1980). *Harper & Row* found state law claims of "conversion" and "tortious interference with contract" to be preempted when the essence of the claim, the unauthorized publication of information from the unpublished memoirs of former President Ford, involved rights which were equivalent to the exclusive rights to reproduce and distribute a copyrightable work. *Id.* at 852, 853. The decisions in the *Mayer*, *Del Madera* and *Harper & Row* cases focus on considerations of "awareness" or "intent" in state law claims, considerations which are different from those involved in state plug molding statutes.

This Court, in its celebrated decision in *Int'l News Service v. Associated Press*, 248 U.S. 215 (1918), concluded that an "unfair competition" claim based on common law rights dealing with the "facilities and *processes* of [newspaper] publication"(emphasis added) would not be foreclosed even if the benefits of the copyright act were waived. *Id.* at 234-235. *INS* was a case allowing common law protection for the news contents of a newspaper, and framed the issue as "whether one who has gathered general information or news at pains and expense for the purpose of subsequent publication through the press has such an interest in its publication as may be protected from interference" and concluded that "in appropriating it [news material] and selling it as its own [, the defendant] is endeavoring to *reap where it has not sown*, and by disposing of it to newspapers that are competitiors of complainant's members is appropriating to itself the harvest of those who have sown." (emphasis added) *Id.* at 237, 239-240. The Court further noted that such unfair competition "divert[s] a material portion of the profit from those who have earned it to those who have not; with special advantage to defendant in competition because of the fact that it is *not burdened with any part of the expense* of gathering the news." (emphasis added) *Id.* at 240. *INS* has been cited to support state law protection for a competitive advantage in a printed book, despite the words of the book being uncopyrightable and in the public domain. *Grove Press v. Collectors Publication, Inc.*, 264 F. Supp. 603, 607 (C.D. Cal. 1967).[25] *INS* was

[25] *Grove Press* found actionable unfair competition when the Defendant made a photographic copy of the Plaintiff's book, even though the book copied the words of an earlier book which was found to be in the public domain. The court in *Grove Press* found it significant that the Plaintiff's book was not merely copied from the public domain, but was the result of the Plaintiff spending substantial sums in setting the type and engraving the printing plates, and that the Defendant would gain an unfair competitive advantage by simply photographically reproducing the Plaintiff's book without making such expenditures. *Id.* at 606-607.

recently cited with approval and applied by this Court in *Carpenter v. U.S.*, __U.S.__, 108 S.Ct. 316 (1987) (concerning the use of Wall Street Journal stories prior to publication for stock market trading). The decision in *Carpenter* was cited as the basis for upholding a RICO count, which alleged a misappropriation of trade secrets, in *Formax, Inc. v. Hostert*, 841 F.2d 388, 390 (Fed. Cir. 1988).

The kind of protection and rights recognized in *INS* are similar to the kind of protection and rights granted by state plug molding statutes. The creators of molded products are burdened with the costs of creating molds, but unauthorized plug molders can *reap where they have not sown* by making molded products through the unfair *process* of direct contact molding, and are *not burdened with any part of the expense* of creating a mold. This well recognized form of unfair competiton protection is different from the kinds of rights granted in federal patents or copyrights, and is well within the power of state legislatures to grant or not grant, as each state determines based on its local decisions.

CONCLUSION

The opinion of the Florida Supreme Court should be reversed, and this Court should rule that Fla. Stat. Ann. § 559.94 (West 1988) is not preempted by federal statutes.

Respectfully submitted.

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APPENDIX I

INTEREST OF AMICI CURIAE

This brief amici curiae is submitted on behalf of the Orange County Patent Law Association and the Los Angeles Patent Law Association.

The Orange County Patent Law Association (OCPLA) is an organization in Orange County, California of lawyers and other individuals interested in patent, copyright, trademark and other intellectual property laws. The OCPLA has approximately 100 individual members, and produces educational meetings and seminars covering a variety of legal topics of current interest involving intellectual property matters, and featuring presentations by judges, private attorneys, and both federal and state government administrators. The OCPLA is a member of the National Council of Patent Law Associations, a nationwide umbrella organization of similar local intellectual property law associations.

The Los Angeles Patent Law Association (LAPLA) is an organization of approximately 450 members, all of whom specialize in the practice of patent, trademark or copyright law and are members of the Bar of the State of California or are registered to practice before the United States Patent and Trademark Office as Patent Attorneys or agents. All but a few of its members practice in the Los Angeles, California area. The LAPLA, founded in 1934, currently meets about eight times each year to hear presentations of one or more papers of professional interest. Members of the Association in recent years have served as officers and directors of comparable state and national associations. The LAPLA is also a member of the National Council of Patent Law Associations.

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No. 87-1346

IN THE

Supreme Court of the United States

OCTOBER TERM, 1988

BONITO BOATS, INC.,
Petitioner,

v.

THUNDER CRAFT BOATS, INC.,
Respondent.

On Writ of Certiorari to the Supreme Court of Florida

BRIEF OF BOSTON WHALER, INC. AS AMICUS CURIAE

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WILSON - EPES PRINTING CO., INC. - 789-0096 - WASHINGTON, D.C. 20001

QUESTION PRESENTED

Whether a state unfair competition statute that generally permits the copying of the designs of boat hulls and parts, but prohibits one method of copying that has the effect of allowing a company to expropriate its competitors' tooling, patterns and molds, is "too great an encroachment on the federal patent system to be tolerated."

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Respondent.

On Writ of Certiorari to the Supreme Court of Florida

BRIEF OF BOSTON WHALER, INC. AS AMICUS CURIAE

INTEREST OF *AMICUS CURIAE*

Boston Whaler, Inc., with the consent of the parties, submits this brief *amicus curiae* in support of petitioner. Boston Whaler has a substantial and immediate interest in this case, which presents an important question concerning the constitutionality of a Florida statute that prohibits a competitor from copying a boat maker's hulls and vessel parts using "direct molding" techniques. Boston Whaler is a leading manufacturer of fiberglass boats, and has had its boats improperly copied by competitors using direct molding methods. The Florida statute in

question here, and similar statutes enacted by eleven other States, is among the principal legal protections available to protect Whaler's substantial investment in the tooling and other equipment it uses to manufacture its boats.

STATEMENT

Boston Whaler ("Whaler") is a manufacturer of high-quality fiberglass boats headquartered in Rockland, Massachusetts. Whaler began making fiberglass boats in 1958; today over 175,000 Whaler boats are afloat. Whaler manufactures eleven boat designs, ranging in length from nine to 31 feet. Whaler produces about 7,000 boats annually.

In recent years, Whaler's competitors have used direct molding techniques—known as "splashing" because molding material is "splashed" around a boat's hull to make a new mold—to copy Whaler's 13′, 15′, 17′, 18′ and 20′ designs. As explained below, this "splashing" is much more than the simple copying of the conceptual design of Whaler's boats; because splashing uses Whaler's boats as "plugs" for the creation of molds, it constitutes a taking of Whaler's costly tooling—that is, Whaler's plugs, forms, patterns and molds—as well. To protect this capital investment, and to prevent other boat builders from using Whaler's own tooling to compete against it, Whaler has brought or threatened nearly a dozen legal actions in recent years. Because of gaps in federal protections against unfair competition, Whaler has relied heavily upon state anti-splashing statutes such as Fla. Stat. § 559.94 (1985).

A. The Design And Manufacture Of Fiberglass Boats

Fiberglass boats are cheaper to make than wooden, steel or aluminum boats because there is no need to individually craft each hull. Instead, the boat builder constructs a single exemplar of the hull, known as the "plug," from which production hulls are molded. However, the construction of this plug, and the molds, patterns, forms and other equipment used in forming fiberglass hulls, is a costly and time-consuming process that represents a large capital investment by the boat builder.

The process of creating a new boat design begins with market research, in which the builder determines the size, speed and performance the public demands. Once those parameters are set, naval architects prepare "lines" of the new boat, showing the boat's dimensions, contours and details. The lines include both longitudinal drawings of the new boat and a series of cross-section drawings of the boat at various stations along its length. When completed, the lines are converted to full-scale working drawings in a painstaking process known as "lofting."

After completion of full-scale drawings, a builder constructs the tooling necessary to manufacture the boat. Much of the work centers on the construction of the "plug" of the hull. First, craftsmen lay a wooden foundation for the plug. Then, following the working drawings, they build a series of wooden frames corresponding to the boat's cross-sectional dimensions along its length and mount those on the foundation. When the frames are in place, the builders attach a series of wooden strips across the frames, bending each to the shape of the hull. Plywood sheets are affixed on top of the strips to create the final contours of the hull. The builders fill body compound into the joints of the plug, then sand and finish it.[1]

The boat builder next creates a prototype of the boat. Molding material is packed around the completed hull

[1] The interiors of Whaler boats also are made of a single piece of fiberglass, known as the "shell," that requires the construction of a separate plug. Like the hull plug, the plug of the interior shell is made by crafting frames of the interior's cross-sections, mounting the frames on a foundation, covering the frames with wooden strips and plywood, filling the plug's joints and sanding.

and shell plugs to create female molds of the hull and shell. Fiberglass then is laid in the molds; when the fiberglass is cured, the hull and shell are removed from their molds, the prototype is assembled, and the voids between the shell and hull are filled with foam. The prototype is tested to determine its speed, performance and other characteristics. If the prototype does not meet design specifications, the design is modified. This requires corresponding modification to the lines, to the full-size working drawings and to the hull and interior plugs.

When the new boat is ready for production, the builder usually molds fiberglass duplicates of the wooden plug to eliminate the danger of variances from boat to boat because of warpage of the wood in the plugs. These fiberglass plugs, in turn, are used to create the female molds the builder uses in manufacturing the new boat.

The process of designing and creating a new boat is time-consuming and expensive. Whaler's recently-introduced 31′ boat took two years to develop; building the tooling alone for the boat took 17,000 hours of labor at a cost of $530,000. The tooling for Whaler's 18′ boat, which was introduced in 1980, cost $110,000 (in 1980 dollars) and took 5,200 labor hours to construct.

B. Copying Boats By Direct Molding

Competitors can avoid the trouble and expense of creating their own tooling by buying a fiberglass boat, taking it apart, and using its hull and shell as plugs. By splashing the hull, these competitors do more than copy the boat's conceptual design. They also expropriate the builder's tooling and save themselves the substantial capital investment required to construct plugs.

In recent years, five of Whaler's most popular designs (13′, 15′, 17′, 18′ and 20′) have been splashed. Two of these designs, the 13′ and 15′ boats, have between them accounted for over half of Whaler's annual unit sales.

This splashing has required Whaler to bring or threaten litigation against nearly a dozen competitors to protect its investment in its tooling and to prevent public confussion as to the source of the duplicate boats.

C. The Florida Anti-Splashing Statute And The Decision Below

Florida has adopted an anti-splashing statute, Fla. Stat. § 559.94 (1985), to protect boat builders' proprietary tooling and to prevent unfair competition. The Florida statute does not abridge a competitor's general right to copy the conceptual design of a boat; it leaves the competitor free to copy a design by customary techniques, such as preparing drawings from photographs of a boat or from measurements taken from the boat. However, the statute prohibits one form of copying, namely "direct molding" or splashing. Fla. Stat. § 559.94(2).

The Florida Supreme Court found section 559.94 unconstitutional on the ground it was preempted by federal patent laws. *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 515 So.2d 220 (1987). The Florida Court read this Court's decisions in *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225 (1964), and *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234 (1964), as prohibiting any limitation upon a competitor's ability to copy the product of another. "Pursuant to the *Sears/Compco* doctrine, when an article is introduced into the public domain, only a patent can eliminate the inherent risk of competition and then but for a limited time." 515 So.2d at 222. The court below reasoned that *Sears* and *Compco*, by overturning decisions under an Illinois statute that barred all forms of copying, had held that a State may not regulate *any* form of copying. "The United States Supreme Court has never ruled that the states may selectively enact barriers against some methods of copying unpatented articles." *Ibid.*

SUMMARY OF ARGUMENT

1. The Florida anti-splashing statute does not constitute "too great an encroachment on the federal patent system to be tolerated." *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 232 (1964). The statute permits respondent to copy non-patented boat designs in any number of ways. The statute does not extend the life of a patent beyond its expiration date, give patent-like protection to unpatentable designs or otherwise conflict with federal patent laws.

2. The federal patent laws do not purport to regulate unfair competitive practices. That field is left to the States. Florida's prohibition of splashing is a reasonable exercise of its power to prevent unfair competition. Moreover, there is no requirement that States permit competitors to engage in unfair practices in the guise of copying unpatented designs.

ARGUMENT

THE FLORIDA ANTI-SPLASHING STATUTE DOES NOT IMPERMISSIBLY ENCROACH UPON THE FEDERAL PATENT SYSTEM

The Florida anti-splashing statute must be upheld unless the Court determines that it constitutes "'too great an encroachment on the federal patent system to be tolerated.'" *Kewanee Oil Co. v. Bicron Corp.*, 416 U.S. 470, 482 (1974), *quoting Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 232 (1964). It is clear, however, that the statute does not conflict with the federal patent laws or the policies underlying them.

This Court's precedents amply delineate the scope of federal patent laws and policies. In *Sears*, *supra*, and *Compco Corp. v. Day-Brite Lighting Inc.*, 376 U.S. 234 (1964), the Court held that decisions under Illinois' unfair competition law could not stand if they forbid a competitor from copying a design that federal law determined could not be patented. *See Sears*, *supra*, 376 U.S. at 227 (the court of appeals "held Sears liable under Illinois law for doing no more than copying and marketing an unpatented article.") (footnote omitted). The Court found the Illinois law's prohibition against copying in direct conflict with the federal patent system, which permitted copying of unpatented designs. "To allow a State by use of its law of unfair competition to prevent the copying of an article which represents too slight an advance to be patented would be to permit the State to block off from the public something which federal law has said belongs to the public." *Id.* at 232-33.

But the Court did not hold in *Sears* or *Compco* that States were obligated to permit all methods of copying, and the Court's subsequent decisions make clear that a State may impose reasonable limitations upon the method a competitor uses to copy a design. In *Kewanee Oil Co. v. Bicron Corp.*, *supra*, for example, the Court upheld a district court order permanently enjoining, on state law grounds, a group of former employees from copying secret processes, procedures and manufacturing techniques they learned while working for their former employer "until such time as the trade secrets had been released to the public, had otherwise generally become available to the public, or had been obtained by respondents from sources having the legal right to convey the information." 416 U.S. at 473-74. Similarly, in *Aronson v. Quick Point Pencil Co.*, 440 U.S. 257 (1979), the Court sustained a royalty agreement on an invention that was later found unpatentable, even though the royalty agreement constrained the licensee's ability to freely copy the invention. Finally, in *Goldstein v. California*, 412 U.S. 546 (1973), the Court upheld a California record anti-piracy law that prohibited the copying and resale of non-copyrighted original recordings. The California law freely permitted the copying of the underlying music and lyrics, but barred the copying of the

particular record or tape itself. Consequently, the Court held, there was no conflict between the state law and the federal system for copyright protection.

Lower courts, too, have concluded that "direct molding" statutes do not impede the purposes of the federal patent laws. In *Interpart Corp. v. Italia*, 777 F.2d 678 (1985), the Court of Appeals for the Federal Circuit upheld the constitutionality of California's "plug molding" statute. The court found that the California law did "not preclude one from photographing, measuring, or in any way utilizing the concept of the design of the product." *Id.*, at 685. "It does not preclude copying the product by hand, by using sophisticated machinery, or by any method other than the direct molding process." [2] *Ibid. See also Brahma, Inc. v. Joe Yeargain, Inc.*, 665 F. Supp. 1447, 1450-52 (N.D. Cal. 1987) (sustaining California plug molding statute); *Metro Kane Imports, Ltd. v. Rowoco, Ltd.*, 618 F. Supp. 273 (S.D.N.Y. 1985).

The Florida statute's prohibition against splashing cannot be seen as contravening federal patent policies in any meaningful way. The statute does not "extend the life of a patent beyond its expiration date or give a patent on an article which lacked the level of invention required for federal patents." *Sears, supra*, 376 U.S. at 231. It continues to allow competitors to copy the full range of functional concepts and ideas embodied in an unpatented design, as they have "every right to do under the federal patent laws." *Ibid.* A competitor is free to copy the dimensions and performance characteristics of a boat, thus obtaining the benefit of the market research the builder performed to determine the most profitable boat to produce. The competitor may copy the general length,

[2] The Federal Circuit's interpretation of the patent laws deserves weight because of that court's special expertise in patent matters. *See* S. Rep. 97-275, 97th Cong., 1st Sess. 5 (1982), *reprinted in* 1982 U.S. Code Cong. & Ad. News 11, 15; H.R. Rep. 97-312, 97th Cong., 1st Sess. 23 (1982).

width and shape of the hull, giving him the benefit of the work of the builder's naval architects and marine engineers. The statute allows the competitor to copy the shape of a boat's interior shell, including all the functional structural, safety and convenience features it contains. The competitor automatically takes the benefit of the builder's testing of prototypes and any resulting modifications and improvements that were made. And the competitor is free under the statute to install engines of the size and configuration that the builder found to offer the best performance.

Likewise, the Florida statute permits a competitor to use any number of methods to effect his copying, excluding only splashing. It permits a competitor to duplicate the innovations found in boat hulls "by fair and honest means, such as independent invention, accidental disclosure, or by so-called reverse engineering, that is, by starting with the known product and working backward to divine the process which aided in its development or manufacture." *Kewanee, supra*, 416 U.S. at 476 (footnote omitted). The competitor can hire naval architects and marine engineers to design a boat that copies the original boat. Alternatively, he is free to measure the boat and prepare line drawings or working drawings that are an exact copy of the original lines. Similarly, the competitor can employ skilled craftsmen to construct a wooden plug that matches the original boat in every detail.[3]

[3] *See* Goldstein v. California, supra, 412 U.S. at 550-51 ("Although the protection afforded to each master recording is substantial, lasting for an unlimited time, the scope of the proscribed activities is narrow. No limitation is placed on the use of the music, lyrics, or arrangement employed in making the master recording. Petitioners are not precluded from hiring their own musicians and artists and recording an exact imitation of the performance embodied on the master recording. Petitioners are even free to hire the same artists who made the initial recording in order to duplicate the performance.").

In short, the Florida statute "does not 'clash' with the federal patent law; the two laws have different objectives." *Interpart Corp. v. Italia*, *supra*, 777 F.2d at 685. *See* 2 L. Altman, *Callman [On] The Law Of Unfair Competition Trademarks & Monopolies* § 15.10.50 at 137 (Supp. 1988) ("the patent laws prevent competition in the patented invention altogether; whereas the molding statutes do not prevent anyone from competing in the manufacture and sale of any product, provided they go to the trouble and expense of creating their own tooling.") The anti-splashing statute preserves the right to copy unpatented designs, while encouraging companies to make the substantial capital investment required to produce innovative products. "Certainly the patent policy of encouraging invention is not disturbed by the existence of another form of incentive to invention." *Kewanee*, *supra*, 416 U.S. at 484.

THE FLORIDA STATUTE IS AN APPROPRIATE EXERCISE OF THE STATES' POWER TO REGULATE UNFAIR COMPETITIVE PRACTICES

The Florida anti-splashing statute also does not conflict with the federal patent system because federal patent law does not purport to regulate unfair competitive practices. As this Court recognized in *Kewanee*, this area is one in which "Congress 'has drawn no balance; rather, it has left the area unattended, and no reason exists why the State should not be free to act.'" 416 U.S. at 483, *quoting Goldstein v. California*, *supra*, 412 U.S. at 570. *See also Kewanee*, at 481 ("The maintenance of standards of commercial ethics and the encouragement of invention are the broadly stated policies behind trade secret law." and 487 ("Nothing in the patent law requires that States refrain from action to prevent industrial espionage."); *Aronson v. Quick Point Pencil Co.*, *supra*, 440 U.S. at 262 ("State law is not displaced merely because the contract relates to intellectual property which may or many not be patentable; the states are free to regulate the use of such intellectual property in any manner not inconsistent with federal law."); *Sears*, *supra*, 376 U.S. at 233 (Harlan, J., concurring) ("Vindication of the paramount federal interest at stake does not require a State to tolerate such specifically oriented predatory business practices.")

The Florida anti-splashing statute is a proper exercise of Florida's authority to police competitive practices. *See Kewanee*, *supra*, 416 U.S. at 487. The statute's purpose is not the regulation of copying of designs, but rather the unfair practice of copying a competitor's costly, proprietary tooling. As this Court's precedents demonstrate, the right to copy conferred by the patent laws is the right to copy the ideas and concepts of a design. *See Sears*, *supra*, 376 U.S. at 226 (Sears has the right to produce "'a substantially exact copy' of Stiffel's" lamp); *Compco*, *supra*, 376 U.S. at 235 (Compco allowed to make a fixture whose appearance was "'the same, to the eye of the ordinary observer, as the overall appearance' of Day-Bright's reflector"). On the other hand, federal patent law does not confer a right on competitors to engage in unfair practices in the name of copying. *See Kewanee*, *supra*, 416 U.S. at 481, 484. Yet this is precisely what splashing amounts to; it enables a competitor to "obtain[] a unfair competitive advantage by avoiding otherwise necessary development costs." *Brahma, Inc. v. Joe Yeargain, Inc.*, *supra*, 665 F. Supp. 1453. *See* 2 L. Altman, *Callman [On] The Law Of Unfair Competition Trademark & Monopolies*, § 15.10.50 at 65 (1982 rev.) (direct molding statutes are "based on the same philosophy as the common-law doctrine of misappropriation: that it is unfair for the defendant to derive its product from the efforts of a competitor, thereby avoiding at least some of the costs of production").

Similarly, federal patent law does not validate an otherwise unfair practice simply because it may be an

efficient or cheap method of copying. In *Kewanee*, for example, the Court upheld an injunction against a company that used trade secrets learned from its competitor's former employees, which surely was the cheapest way of copying the technology. The Court in *Goldstein v. California*, likewise sustained California's record anti-piracy statute that prohibited duplication of non-copyrighted records and tapes, even though duplication was an efficient technique of copying the music and lyrics they contained. Finally, numerous decisions of lower courts have held that a competitor may not copy an unpatented machine, process or design by such expeditious means as hiring away former employees (*see, e.g., FMC Corp. v. Taiwan Tainan Giant Industrial Co., Ltd.*, 730 F.2d 61, 62-63 (2d Cir. 1984); *Rohm & Haas Co. v. Adco Chemical Co.*, 689 F.2d 424 (3rd Cir. 1982); *Henry Hope X-Ray Products, Inc. v. Marron Carrel, Inc.*, 674 F.2d 1336 (9th Cir. 1982)), taking or obtaining proprietary drawings (*see Williams v. Curtiss-Wright Corp.*, 681 F.2d 161 (3rd Cir. 1982)), or taking proprietary tooling (*see Anaconda Co. v. Metric Tool & Die Co.*, 485 F. Supp. 410, 418, 424 (E.D. Pa. 1980)). There has been no suggestion in these decisions that unfair competitive practices are somehow immunized because one of the competitor's purposes is to copy an unpatented design or because the unfair method of copying is the cheapest one.

CONCLUSION

For the reasons set forth above, *amicus curiae* Boston Whaler, Inc. respectfully submits that the judgment of the Florida Supreme Court should be reversed.

Respectfully submitted,

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